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January 31, 2024

Board of Commissioners
New Castle Housing Authority
Henry County, Indiana

We have reviewed the audit report of the New Castle Housing Authority, which was opined on by Velma Butler & Company, Ltd., Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the New Castle Housing Authority as of June 30, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Velma Butler & Company, Ltd., prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

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

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

Tammy R. White, CPA
Deputy State Examiner

**NEW CASTLE HOUSING AUTHORITY
INDEPENDENT AUDITORS' REPORT,
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION,
INCLUDING SINGLE AUDIT REPORTS
FOR THE YEAR ENDED
JUNE 30, 2022**

NEW CASTLE HOUSING AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
New Castle Housing Authority
New Castle, IN 47362

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

Opinion

We have audited the accompanying financial statements of the primary government business type activities and the component unit of the New Castle Housing Authority (Authority), as of and for the year ended June 30, 2022, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the audit report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary government and the discretely presented component unit of the Authority, as of June 30, 2022, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinions.

Responsibilities of Management 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, and for 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 for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issues an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period

We are required to communicate those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial data schedule (FDS) and the schedule of expenditures of federal awards (SEFA), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 March 10, 2023, 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 solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Summarized Comparative Information

We previously audited the Authority's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements based on our report dated September 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd.".

Velma Butler & Company, Ltd.
Chicago, Illinois

March 10, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

New Castle Housing Authority
274 S. 14th Street
New Castle, IN 47362

To the Board of Commissioners
New Castle Housing Authority
New Castle, IN 47362

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the New Castle Housing Authority (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2022. The management's discussion and analysis includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

We are pleased to submit the financial statements of the Authority for the year ended June 30, 2022. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information that complies with reporting requirements of the U.S. Department of Housing and Urban Development ("HUD") and the Governmental Accounting Standards Board. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

FINANCIAL HIGHLIGHTS

- Total assets were \$3.9 million at June 30, 2022, an increase of \$9 thousand from the \$3.9 million at June 30, 2021.
- Net capital assets were \$2.7 million at June 30, 2022, a decrease of \$199 thousand from \$2.9 million at June 30, 2021. This was primarily due to depreciation.
- Total liabilities decreased by \$42 thousand to \$221 thousand at June 30, 2022 from \$263 thousand at June 30, 2021.
- Total net position was \$3.5 million at June 30, 2022, a decrease of about \$5 thousand or 0.1 percent from prior year balance of \$3.5 million.
- Total revenue was \$2.5 million at June 30, 2022, a decrease of \$120 thousand from the June 30, 2021, balance of \$2.6 million. The decrease was primarily due to the decreased HUD funding.

- Total expenses increased by \$100 thousand to \$2.5 million at June 30, 2022 from \$2.4 million at June 30, 2021.

USING THIS REPORT

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information detailing how the Authority's net position changed during the fiscal year. All changes in the net position are reported as soon as the underlying event given rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and related financing activities.

These financial statements report on the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development (HUD).

OVERVIEW OF FINANCIAL STATEMENTS

The Authority's basic financial statements are presented as an enterprise fund whose operations include the low rent, housing choice voucher programs, and a blended component unit.

Fund Financial Statements are groupings of accounts used to maintain control over resources segregated for specific activities or objectives. The Authority, like other state, local, or quasi-governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority's funds only consisted of a *Proprietary Fund*.

The Authority's *Proprietary Fund* is comprised of enterprise funds with "business-type" activities intended to recover all or a portion of their costs through fees and charges for services. Since the Authority maintains its activities in enterprise funds, its Proprietary Fund financial statements provide information about the activities of the Authority as a whole.

Low-Rent Public Housing - Under the Low Rent Housing Program, the Authority rents units it owns to low-income families. The Low Rent Public Housing Program is operated under an annual contribution contract (ACC) with HUD, and HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of a family's adjusted gross household income.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP, which is the primary funding source for physical management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the authorities housing stock.

Section 8 Housing Choice Vouchers - The Housing Choice Voucher is the federal government's programs for assisting low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. The programs are administered locally by public housing authorities (PHAs). The PHAs receive funds from HUD to administer the programs. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Component Units - If the Authority has oversight responsibility, including financial accountability, appointment of voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the Authority includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units - Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority's Board of Commissioners of the component unit provides services entirely to the Authority.

Additionally, the Authority is required to undergo an annual single audit as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs.

The financial section provides both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

Table 1
New Castle Housing Authority's Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage Change</u>
Current Assets	\$ 1,148,996	\$ 957,925	\$ 191,071	19.9%
Non-Current Assets	2,659,338	2,858,458	(199,120)	-7.0%
Deferred Outflows	56,933	39,792	17,141	43.1%
Total Assets & Deferred Outflows	\$ 3,865,267	\$ 3,856,175	\$ 9,092	0.2%
Current Liabilities	\$ 165,961	\$ 133,800	\$ 32,161	24.0%
Non-Current Liabilities	55,002	129,575	(74,573)	-57.6%
Total Liabilities	220,963	263,375	(42,412)	-16.1%
Deferred Inflows	91,797	35,716	56,081	157.0%
Unrestricted	865,550	682,416	183,134	26.8%
Restricted Net Assets	27,619	16,210	11,409	0.0%
Net Investment in Capital Assets	2,659,338	2,858,458	(199,120)	-7.0%
Total Net Position	3,552,507	3,557,084	(4,577)	-0.1%
Total Liabilities, Deferred Inflows and Net Position	\$ 3,865,267	\$ 3,856,175	\$ 9,092	0.2%

As shown in Table 1, the Authority's total net position at June 30, 2022, was approximately \$3.6 million, a 0.1 percent decrease from the June 30, 2021, balance of \$3.6 million.

Capital Assets

Table 2
New Castle Housing Authority's Change in Capital Assets

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage Change</u>
Land	\$ 917,432	\$ 917,432	\$ -	0.0 %
Building	8,305,554	8,255,653	49,901	0.6 %
Equipment	286,838	263,777	23,061	8.7 %
Accumulated Depreciaton	(6,850,486)	(6,601,824)	(248,662)	3.8 %
Construction In Progress	-	23,420	(23,420)	-100.0 %
Total Capital Assets	\$ 2,659,338	\$ 2,858,458	\$ (199,120)	-7.0 %

Additional detail can be found in the notes to the financial statements.

Revenues and Expenses

As shown in Table 3, the Authority’s total revenues decreased to \$2.5 million by \$120 thousand or 4.6 percent for the year ended June 30, 2022. Total expenses increased by 4.2 percent to 2.5 million in 2022, an increase of 100 thousand from the prior year balance, mainly in HAP payments.

**Table 3
New Castle Housing Authority's Change in Net Position**

	2022	2021	Change	Percentage Change
Tenant Revenue	\$ 542,113	\$ 490,879	\$ 51,234	10.4 %
HUD Operating Grants	1,920,502	1,870,309	50,193	2.7 %
Capital Funds	-	224,013	(224,013)	-100.0 %
Interest Income	572	1,934	(1,362)	-70.4 %
Other Income	28,865	24,992	3,873	15.5 %
Total Revenue	<u>2,492,052</u>	<u>2,612,127</u>	<u>(120,075)</u>	-4.6 %
Admin Expenses	310,082	332,358	(22,276)	-6.7 %
Tenant Expenses	1,200	4,574	(3,374)	0.0 %
Utilities	193,587	173,208	20,379	11.8 %
Ordinary Maintenance	294,932	295,894	(962)	-0.3 %
Insurance	68,083	60,783	7,300	12.0 %
General Expenses	59,433	38,581	20,852	54.0 %
Housing Assist. Payments	1,316,657	1,266,889	49,768	3.9 %
Depreciation	252,655	224,094	28,561	12.7 %
Total Expenses	<u>2,496,629</u>	<u>2,396,381</u>	<u>100,248</u>	4.2 %
Change in Net Position	(4,577)	215,746	(220,323)	-102.1 %
Beginning Net Position	3,557,084	3,341,338	215,746	6.5 %
Ending Net Position	<u>\$ 3,552,507</u>	<u>\$ 3,557,084</u>	<u>\$ (4,577)</u>	-0.1 %

BUDGETARY CONTROL

Management submits a proposed operating budget for revenues and expenses for all programs, functions, activities, or objectives for the following fiscal year to the governing body (“Board”). The Board reviews, approves and adopts the budget. Operating monies are determined by rents and operating subsidies provided by HUD, as established by Congress. The operating subsidy is dependent on the availability of federal funds.

The Authority prepares annual five-year budgets for its capital grants and project budget for other grants. Capital project budgets are approved and are adopted for five years by the Board and HUD based on Federal funding. They are then annualized to strengthen monitoring and completion benchmarks. Budgeted and actual costs are compared to the five-year plan and are monitored by the Authority and HUD. Line-item variances are resolved and approved by HUD.

ECONOMIC FACTORS

The Authority is primarily dependent upon HUD for its funding of operations; therefore, operating revenues are more affected by the Federal budget than by local economic conditions.

MAJOR INITIATIVES

The Authority continues to provide comprehensive service in New Castle to assure the existence of affordable housing for low to moderate income individuals and families, senior citizens, ad handicapped and disable individuals. Under the leadership of a dedicated Board of Commissioners, and the hard work of true professionals in the field of affordable housing, the Authority continues to thrive, considering the various challenges for federally subsidized housing providers. Improvements have included working hard to enhance our operations internally and seeking external funds to support our residents whenever possible.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This Authority's financial report is designed to provide a general overview of the Authority's finances for all those with an interest and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jennie Harvey, Executive Director, 274 S 14th Street, New Castle, IN 47362.

BASIC FINANCIAL STATEMENTS

NEW CASTLE HOUSING AUTHORITY
STATEMENT OF NET POSITION - ENTERPRISE FUND
JUNE 30, 2022 (WITH 2021 COMPARABLE TOTALS)

EXHIBIT A

	2022 TOTAL	2021 TOTAL
ASSETS		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 913,688	\$ 741,845
Cash and Cash Equivalents - Restricted	92,130	111,495
Accounts Receivable, net	51,873	12,826
Prepaid Expenses	64,700	66,319
Material Inventories, net	26,605	25,440
Total Current Assets	<u>1,148,996</u>	<u>957,925</u>
<u>NON CURRENT ASSETS</u>		
Capital Assets, net	<u>2,659,338</u>	<u>2,858,458</u>
Total Non-Current Assets	2,659,338	2,858,458
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred Pension Resources	<u>56,933</u>	<u>39,792</u>
Total Deferred Outflow of Resources	56,933	39,792
TOTAL ASSETS AND DEFERRED OUTFLOW	\$ <u>3,865,267</u>	\$ <u>3,856,175</u>
LIABILITIES AND NET POSITION		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 79,681	\$ 73,110
Accrued Liabilities	75,874	21,033
Deferred Revenue	<u>10,406</u>	<u>39,657</u>
Total Current Liabilities	165,961	133,800
<u>NON CURRENT LIABILITIES</u>		
Accrued Pension Expenses	<u>55,002</u>	<u>129,575</u>
Total Non Current Liabilities	55,002	129,575
Total Liabilities	<u>220,963</u>	<u>263,375</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Deferred Pension Resources	<u>91,797</u>	<u>35,716</u>
Total Deferred Inflow of Resources	91,797	35,716
<u>NET POSITION</u>		
Unrestricted Net Position	865,550	682,416
Restricted Net Position	27,619	16,210
Net Investment in Capital Assets	<u>2,659,338</u>	<u>2,858,458</u>
Total Net Position	3,552,507	3,557,084
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ <u>3,865,267</u>	\$ <u>3,856,175</u>

See Accompanying Notes to Financial Statements

NEW CASTLE HOUSING AUTHORITY
 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022 (WITH 2021 COMPARABLE TOTALS) EXHIBIT B

	2022 TOTAL	2021 TOTAL
OPERATING REVENUES		
Tenant Charges	\$ 542,113	\$ 490,879
HUD Operating Grants	1,920,502	1,870,309
Other Income	28,865	24,992
TOTAL REVENUES	2,491,480	2,386,180
OPERATING EXPENSES		
Administrative Expenses	310,082	332,358
Tenant Services	1,200	4,574
Utilities Expenses	193,587	173,208
Ordinary Maintenance	294,932	295,894
Insurance Expense	68,083	60,783
General Expenses	59,433	38,581
Housing Assistance Payments	1,316,657	1,266,889
Depreciation Expense	252,655	224,094
TOTAL OPERATING EXPENSES	2,496,629	2,396,381
OPERATING INCOME (LOSS)	(5,149)	(10,201)
NON-OPERATING REVENUES AND (EXPENSES)		
Interest Income	572	1,934
Total Non-Operating Income/(Loss)	572	1,934
CAPITAL CONTRIBUTIONS AND (LOSSES)		
HUD Capital Grants	-	224,013
Total Capital Contributions.	-	224,013
CHANGES IN NET POSITION	(4,577)	215,746
BEGINNING NET POSITION	3,557,084	3,341,338
ENDING NET POSITION	\$ 3,552,507	\$ 3,557,084

See Accompanying Notes to Financial Statements

**NEW CASTLE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (WITH 2021 COMPARABLE TOTALS) EXHIBIT C**

	2021	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 2,526,763	\$ 2,526,763
Payments to Employees	(284,680)	(308,438)
Payments to Vendors and Suppliers	(2,075,582)	(2,018,415)
Net Cash Provided by/(Used for) Operating Activities	<u>166,501</u>	<u>199,910</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	<u>572</u>	<u>1,934</u>
Net Cash Provided by/(Used for) Investing Activities	572	1,934
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
(Purchase)/Sale of Capital Assets	(53,535)	(326,127)
Capital Grants	-	224,013
(Increase)/Decrease in Deferred Outflow of Resources	(17,141)	(5,523)
Increase/(Decrease) in Deferred Inflow of Resources	56,081	9,296
Net Cash Provided by/(Used for) Financing Activities	<u>(14,595)</u>	<u>(98,341)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>152,478</u>	<u>103,503</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	853,340	749,837
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,005,818</u>	<u>\$ 853,340</u>
Unrestricted Cash and Cash Equivalents at Fiscal Year End	\$ 913,688	\$ 741,845
Restricted Cash and Cash Equivalents at Fiscal Year End	92,130	111,495
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,005,818</u>	<u>\$ 853,340</u>
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities		
Operating Income/(Loss)	\$ (5,149)	\$ (10,201)
Adjustments To Reconcile:		
Depreciation	252,655	224,094
Changes in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	(39,047)	111,085
(Increase)/Decrease in Prepaid Expenses	1,619	(10,447)
(Increase)/Decrease in Material Inventories	(1,165)	8,829
Increase/(Decrease) in Accounts Payable	6,571	(126,372)
Increase/(Decrease) in Accrued Liabilities	54,841	14,653
Increase/(Decrease) in Deferred Revenue	(29,251)	7,752
Increase/(Decrease) in Accrued Pension Liability	(74,573)	(19,483)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 166,501</u>	<u>\$ 199,910</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
None		

See Accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

**NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 - Organization and Program Description

The New Castle Housing Authority (Authority) is a public body, corporate body and politically organized under the laws of the State of Indiana for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the mayor appoints a Governing Board for the Authority, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development (HUD) to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities and provide funds to assist the Public Housing Authorities (PHAs) in financing the acquisition, construction, and/or leasing of housing units; make housing assistance payments; and make annual contributions (subsidies) to PHAs for the purpose of maintaining the low-income character of the local housing program.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the City's or County's financial report therefore, the Authority reports independently.

The Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low- and moderate-income persons. The majority of its funding is provided by the Department of Housing and Urban Development (HUD). All funds and programs are included in these statements.

A. Reporting Entity

The financial statements of the Authority have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, as applicable to governmental units. As required by GAAP in the United States of America, the accompanying financial statements present the various program activities of the Authority. These principles define the reporting entity of the primary government, as well as its component units.

Low Income Housing - The low-income housing program provides subsidized housing to low-income residents. The Authority is the owner of public housing units located throughout the City. The Authority receives revenue from dwelling rental income and operating subsidies provided by HUD.

NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Capital Fund Grants – Substantially all additions to land, buildings, and equipment are funded through Capital Grant Fund Program. These programs add to, replace or materially upgrade deteriorated portions of the Authority’s housing units. Funding is provided through programs established by HUD.

Section 8 Housing Choice Voucher Program - The Authority participates in the Housing Choice Voucher Program. This program is designed to provide privately owned, decent, safe and sanitary housing to low-income families. The Authority provides assistance to low-income persons seeking decent, safe and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under the program, the Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies. The Housing Choice Voucher program is also reported as an enterprise fund.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of fund accounts. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounts segregate funds according to their intended purpose and are used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Enterprise Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time they are incurred. All assets and liabilities associated with the operation of these funds are included on the balance sheet.

C. Fund Accounting

Accounts are organized on the basis of funds. Each fund represents a separate program with a separate set of self-balancing accounts. All funds are reported as enterprise funds and are grouped as follows:

- PHA-Owned Housing consists of HUD-financed public housing owned by the Authority. Individual funds account for activities of the low-rent housing program, each capital fund phase, and the central office cost center. The funds are collectively known as low rent housing.

Proprietary Funds – The Authority’s operations are accounted for in a single *Enterprise Fund*. Enterprise Funds account for those operations that are financed and operated in a manner similar to private business or where the Authority has decided that the determination of revenues earned, costs incurred and/or net income are necessary for management accountability.

**NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Management's Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents are defined as short-term, highly liquid investments that are both: readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes all demand deposits, saving accounts and certificates of deposits or short-term investments with a maturity date of three months or less.

Restricted Cash - Restricted assets include cash legally restricted as to their use. The primary restricted assets are related to the low rent housing program for various funds restricted for tenants.

Net Position - Net position is comprised of three categories: (1) net investment in capital assets, (2) restricted net assets, and (3) unrestricted net assets. Each component of net position is reported separately on the statement of net position.

(1) Investment in capital assets, net of related debt - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

(2) Restricted for federal programs - the component of net position that reports the amount of revenue from a federal or state award for service programs in excess of expenditures. These funds are restricted for the use of the related federal or state program.

(3) Unrestricted - The difference between the assets and liabilities that is not reported in the net position invested in capital, net of related debt or net position restricted for federal and state programs.

It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fair Value - GASB Statement No. 72, Fair Value Measurement and Application, is effective for periods beginning after June 15, 2015 with earlier application encouraged. This Statement should improve financial reporting by clarifying the definition of fair value for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. The disclosures should be organized by type asset or liability reported at fair value. The Authority does not anticipate a material impact on the financial statements as a result of this pronouncement.

**NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Pension - The Authority has established a defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Inter-program Due to/from - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Federal Awards - Federal grants for reimbursable programs are recognized as revenue in the year the related program expenditure occurs. Awards received prior to meeting revenue recognition criterion are recorded as deferred revenue. Operating grants are recorded as revenue in the year earned.

Investments - The Authority has estimated the fair values of its financial investments using available market information and other valuation methodologies in accordance with GASB Statement No. 31. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. The Authority is also in compliance with all state and local laws and regulations regarding investments.

Inventories - Inventories are stated at the lower of cost or market.

Prepaid Expenditures - Payments made to vendors for services that will benefit periods beyond fiscal year end are recorded as prepaid items.

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

Capital Assets - The Authority capitalizes capital assets with a cost of more than \$500 and a useful life of one year or more. Proprietary fund types focus on capital maintenance. Accordingly, land, structures and equipment are recorded in the enterprise fund, which acquires such assets.

Capital assets are stated at cost or at estimated historical cost. The cost of maintenance and repairs is charged to operations as incurred and improvements are capitalized. Capital assets are depreciated over their useful lives using the straight-line method of depreciation as follows:

Land Improvements	15 years
Buildings	40 years

NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Office Furniture and Equipment 3-10 years

Operating Revenues and Expenses - Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position in the non-operating revenue and expense.

Risk Management - The Authority is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages these various risks of loss with the following insurance coverage: worker's compensation, property and equipment, liability, flood and automobile. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Concentration of Risk - During the year fiscal year, the Authority received approximately 77 percent of its revenue from HUD.

Compliance - The Authority is subject to various federal, state and local laws and regulations and contractual regulations.

Note 2 - Budget Information

Enterprise Funds - The Authority is required by contractual agreements to adopt annual operating budgets for all its enterprise funds receiving federal expenditure awards. The Executive Director prepares all budgets on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America.

Operating budgets for the year are prepared for all programs. Budgets are submitted by the Authority's Executive Director and approved by resolutions of the Board of Commissioners and/or HUD. Appropriations for capital projects are authorized at the fund and expenditure level, and effective budgetary control is achieved through periodic budgeting and reporting requirements.

**NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents totaled \$1,005,818, at June 30, 2022, and are maintained in commercial checking accounts and are readily available. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities.

Cash amounts in excess of the \$250,000, FDIC limit, insured by the government were collateralized by government securities and held in the pledging financial institutions' trust departments in the Authority's name. The Authority is also in compliance with all state and local laws and regulations regarding cash equivalents. Of the total cash on hand at June 30, 2022, \$913,688 was unrestricted and \$92,130 was restricted as shown below.

Unrestricted Cash	\$ 913,688
Restricted Cash:	
Tenant Security Deposits	54,105
Housing Assistance Payments	27,619
Other Restricted Cash	<u>10,406</u>
Total Restricted Cash	<u>92,130</u>
Total Cash	<u>\$ 1,005,818</u>

Note 4 - Accounts Receivable

At June 30, 2022, accounts receivable totaled \$51,873, and consisted of the following:

Accounts Receivable	Amount
Tenant Accts. Receivable	\$ 9,360
Allowance for Doubtful Accounts	(3,321)
Accounts Receivable HUD	24,536
Accts. Rec. Fraud Recovery	22,660
Allowance for Fraud Accounts	(4,714)
Accounts Receivable - Other	<u>3,352</u>
Total Accounts Receivable	<u>\$ 51,873</u>

The Authority reviews the accounts receivable periodically. During the year \$10,582 was charged to bad debts.

Note 5 - Prepaid Assets

Prepaid assets totaled \$64,700, at June 30, 2022, and consisted of various prepaid expenses and deposits.

**NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 6 - Material Inventories - Net

Material inventories net totaled \$26,605, at June 30, 2022. Material inventories are stated at the lower of cost or market. Inventory at year end totaled \$27,953, with an allowance of (\$1,348).

Note 7 - Land, Structures and Equipment

Capital assets totaled \$2,659,338 at June 30, 2022, as shown in the table below:

Capital Assets	06/30/21	Additions / Deletions	06/30/22
Land	\$ 917,432	\$	\$ 917,432
Buildings and Improvements	8,255,653	49,901	8,305,554
Equipment and Furniture	263,777	23,061	286,838
Construction in Progress	23,420	(23,420)	-
Less Accum. Depreciation	(6,601,824)	(248,662)	(6,850,486)
Total Capital Assets	\$ 2,858,458	\$ (199,120)	\$ 2,659,338

Capital additions totaled \$53,535, construction in progress totaled \$0 and there were dispositions of \$3,993 that were fully depreciated. Depreciation expense for the year totaled \$252,655.

Note 8 - Deferred Outflow of Resources

Deferred outflow of resources totaled \$56,933, at June 30, 2022, and consist of payments made to the pension plan after the Plan year-end, and any positive changes or differences in plan expectations.

Note 9 - Accounts Payable

Accounts payable totaled \$79,681, at June 30, 2022, which consisted of the following:

Accounts Payable	Amount
Vendors	\$ 10,258
Security Deposits	54,105
Other Payables	15,318
Total Accounts Payable	\$ 79,681

**NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 10 - Accrued Payables

Accrued liabilities totaled \$75,874, at June 30, 2022, of which consisted of the following:

Accrued Wages	\$	1,380
Compensated Absences		5,357
Other Accrued Payables		69,137
Total Current Accrued Liabilities		<u>75,874</u>

Note 11 - Deferred Revenue

Deferred revenue totaled \$10,406, which consisted of prepaid rents.

Note 12 - Accrued Pension Expense

Accrued pension expense liability totaled \$55,002, which consisted of the proportionate share of the liability owed to the pension plan.

Note 13 - Deferred Inflow of Resources

Deferred inflow of resources totaled \$91,797, at June 30, 2022, and consist of differences between actual investments and expected amounts, and any negative changes or differences in plan expectations.

Note 14 - Employee Benefit Plans

The New Castle Housing Authority (Housing Authority) participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Public Retirement System (INPRS) and is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS financial reports are available online at www.in.gov/inprs/annualreports.htm.

Members include officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan.

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

**NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit. A member who is at least 55 years old and if age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits described above. The monthly pension benefits for members in pay status may be increased periodically as cost-of-living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA provided for the year ended June 30, 2022.

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During fiscal year 2022, all participating employers contributed an average rate of 11.2% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended June, 30 2022 was \$31,884. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

Note 15 - Operating Lease Commitments and Contingencies

The Authority receives financial assistance from federal government agencies in the form of grants and operating subsidies. Disbursements of funds received under these programs require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. In the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the Authority.

The Authority has under its normal operations entered into commitments for the purchase of maintenance, cleaning and other services. Such commitments are monthly or annual.

The Authority also has certain contingent liabilities resulting from litigations, claims, and commitments incident to the ordinary course of business. Management expects the final resolution of such contingencies will not have a material adverse effect on the financial position of the Authority.

Note 16 - Allocation of Cost

The Authority allocates expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units or staff in each program. Management considers this to be an equitable method of allocation.

**NEW CASTLE HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 17 - Subsequent Events

Management has performed an analysis of activities and transactions subsequent to fiscal year end, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2022. Management has performed their analysis through March 10, 2023, the date the financial statements were issued. The Authority has not evaluated events occurring after the issuance date in these financial statements.

SUPPLEMENTAL INFORMATION

NEW CASTLE HOUSING AUTHORITY
STATEMENT OF PROGRAM NET POSITION
JUNE 30, 2022

EXHIBIT D

	Low Rent Program	Housing Choice Vouchers	Eliminations	2022 TOTAL
ASSETS				
Cash and Cash Equivalents (Unrestricted)	\$ 575,221	\$ 338,467	\$ -	\$ 913,688
Cash and Cash Equivalents (Restricted)	64,511	27,619	-	92,130
Accounts Receivable (net allowances)	33,327	18,546	-	51,873
Prepaid, Deposits and Escrows	62,798	1,902	-	64,700
Inventory (net allowances)	26,605	-	-	26,605
TOTAL CURRENT ASSETS	762,462	386,534	-	1,148,996
Capital Assets, Net	2,603,475	55,863	-	2,659,338
TOTAL NON-CURRENT ASSETS	2,603,475	55,863	-	2,659,338
Deferred Pension Resources	43,094	13,839	-	56,933
TOTAL DEFERRED OUTFLOW OF RESOURCES	43,094	13,839	-	56,933
TOTAL ASSETS	\$ 3,409,031	\$ 456,236	\$ -	\$ 3,865,267
LIABILITIES AND NET POSITION				
Accounts Payable	\$ 76,017	\$ 3,664	\$ -	\$ 79,681
Accrued Liabilities	74,933	941	-	75,874
Deferred Revenue	10,406	-	-	10,406
TOTAL CURRENT LIABILITIES	161,356	4,605	-	165,961
Accrued Liabilities - Non Current	41,632	13,370	-	55,002
TOTAL NON-CURRENT LIABILITIES	41,632	13,370	-	55,002
TOTAL LIABILITIES	202,988	17,975	-	220,963
Deferred Pension Resources	69,483	22,314	-	91,797
TOTAL DEFERRED OUTFLOW OF RESOURCES	69,483	22,314	-	91,797
Invested in Capital Assets	2,603,475	55,863	-	2,659,338
Unrestricted Net Position	533,085	332,465	-	865,550
Restricted Net Position	-	27,619	-	27,619
TOTAL NET POSITION	3,136,560	415,947	-	3,552,507
TOTAL LIABILITIES AND NET POSITION	\$ 3,409,031	\$ 456,236	\$ -	\$ 3,865,267

See Accompanying Notes to the Financial Statements

**NEW CASTLE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

EXHIBIT E

	Low Rent Program	Housing Choice Vouchers	Eliminations	2022 TOTAL
OPERATING REVENUES				
Net Tenant Rental Revenue	\$ 542,113	\$	\$	\$ 542,113
HUD Operating Grants	411,709	1,508,793		1,920,502
Other Income	12,629	22,836	(6,600)	28,865
TOTAL OPERATING REVENUES	<u>966,451</u>	<u>1,531,629</u>	<u>(6,600)</u>	<u>2,491,480</u>
OPERATING EXPENSES				
Administrative Expenses	212,806	103,876	(6,600)	310,082
Tenant Services	1,200			1,200
Utilities Expense	193,587			193,587
Ordinary Maintenance and Materials	294,932			294,932
Insurance Expense	65,655	2,428		68,083
General Expenses	57,199	2,234		59,433
Housing Assistance Payments		1,316,657		1,316,657
Depreciation Expense	245,029	7,626		252,655
TOTAL OPERATING EXPENSES	<u>1,070,408</u>	<u>1,432,821</u>	<u>(6,600)</u>	<u>2,496,629</u>
OPERATING INCOME (LOSS)	<u>(103,957)</u>	<u>98,808</u>	<u>-</u>	<u>(5,149)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	536	36		572
INCOME BEFORE OTHER REVENUES (EXPENSES)	<u>536</u>	<u>36</u>	<u>-</u>	<u>572</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(103,421)	98,844	-	(4,577)
NET POSITION AT BEGINNING OF PERIOD	3,239,981	317,103		3,557,084
NET POSITION AT END OF PERIOD	<u>\$ 3,136,560</u>	<u>\$ 415,947</u>	<u>\$ -</u>	<u>\$ 3,552,507</u>

See Accompanying Notes to the Financial Statements

New Castle Housing Authority (IN050)

New Castle, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$575,221	\$338,467		\$913,688		\$913,688
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted		\$27,619		\$27,619		\$27,619
114 Cash - Tenant Security Deposits	\$54,105			\$54,105		\$54,105
115 Cash - Restricted for Payment of Current Liabilities	\$10,406			\$10,406		\$10,406
100 Total Cash	\$639,732	\$366,086	\$0	\$1,005,818		\$1,005,818
121 Accounts Receivable - PHA Projects		\$600		\$600		\$600
122 Accounts Receivable - HUD Other Projects	\$24,536			\$24,536		\$24,536
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$2,752			\$2,752		\$2,752
126 Accounts Receivable - Tenants	\$9,360			\$9,360		\$9,360
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,321			-\$3,321		-\$3,321
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery		\$22,660		\$22,660		\$22,660
128.1 Allowance for Doubtful Accounts - Fraud		-\$4,714		-\$4,714		-\$4,714
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$33,327	\$18,546	\$0	\$51,873		\$51,873
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$62,798	\$1,902		\$64,700		\$64,700
143 Inventories	\$27,953			\$27,953		\$27,953
143.1 Allowance for Obsolete Inventories	-\$1,348			-\$1,348		-\$1,348
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$762,462	\$386,534	\$0	\$1,148,996		\$1,148,996
161 Land	\$917,432			\$917,432		\$917,432
162 Buildings	\$8,273,819	\$31,735		\$8,305,554		\$8,305,554
163 Furniture, Equipment & Machinery - Dwellings	\$63,193			\$63,193		\$63,193
164 Furniture, Equipment & Machinery - Administration	\$181,581	\$42,064		\$223,645		\$223,645
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$6,832,550	-\$17,936		-\$6,850,486		-\$6,850,486
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,603,475	\$55,863	\$0	\$2,659,338		\$2,659,338
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$2,603,475	\$55,863	\$0	\$2,659,338		\$2,659,338
200 Deferred Outflow of Resources	\$43,094	\$13,839		\$56,933		\$56,933
290 Total Assets and Deferred Outflow of Resources	\$3,409,031	\$456,236	\$0	\$3,865,267		\$3,865,267
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$7,879	\$2,379		\$10,258		\$10,258
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$1,380			\$1,380		\$1,380
322 Accrued Compensated Absences - Current Portion	\$4,581	\$776		\$5,357		\$5,357
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						

New Castle Housing Authority (IN050)

New Castle, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
332 Account Payable - PHA Projects		\$1,285		\$1,285		\$1,285
333 Accounts Payable - Other Government	\$14,033			\$14,033		\$14,033
341 Tenant Security Deposits	\$54,105			\$54,105		\$54,105
342 Unearned Revenue	\$10,406			\$10,406		\$10,406
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other	\$68,972	\$165		\$69,137		\$69,137
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	\$161,356	\$4,605	\$0	\$165,961		\$165,961
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current						
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$41,632	\$13,370		\$55,002		\$55,002
350 Total Non-Current Liabilities	\$41,632	\$13,370	\$0	\$55,002		\$55,002
300 Total Liabilities	\$202,988	\$17,975	\$0	\$220,963		\$220,963
400 Deferred Inflow of Resources	\$69,483	\$22,314		\$91,797		\$91,797
508.4 Net Investment in Capital Assets	\$2,603,475	\$55,863		\$2,659,338		\$2,659,338
511.4 Restricted Net Position		\$27,619		\$27,619		\$27,619
512.4 Unrestricted Net Position	\$533,085	\$332,465	\$0	\$865,550		\$865,550
513 Total Equity - Net Assets / Position	\$3,136,560	\$415,947	\$0	\$3,552,507		\$3,552,507
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,409,031	\$456,236	\$0	\$3,865,267		\$3,865,267

New Castle Housing Authority (IN050)

New Castle, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$510,270			\$510,270		\$510,270
70400 Tenant Revenue - Other	\$31,843			\$31,843		\$31,843
70500 Total Tenant Revenue	\$542,113	\$0	\$0	\$542,113	\$0	\$542,113
70600 HUD PHA Operating Grants	\$411,709	\$1,472,733	\$36,060	\$1,920,502		\$1,920,502
70610 Capital Grants						
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue				\$0	\$0	\$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$536	\$36		\$572		\$572
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$12,629	\$22,836		\$35,465	-\$6,600	\$28,865
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$966,987	\$1,495,605	\$36,060	\$2,498,652	-\$6,600	\$2,492,052
91100 Administrative Salaries	\$141,224	\$54,792		\$196,016		\$196,016
91200 Auditing Fees	\$3,240	\$2,160		\$5,400		\$5,400
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing	\$21			\$21		\$21
91500 Employee Benefit contributions - Administrative	\$15,983	\$7,355		\$23,338		\$23,338
91600 Office Expenses	\$19,771	\$15,078		\$34,849	-\$6,600	\$28,249
91700 Legal Expense						
91800 Travel	\$146			\$146		\$146
91810 Allocated Overhead						
91900 Other	\$32,421	\$13,739	\$10,752	\$56,912		\$56,912
91000 Total Operating - Administrative	\$212,806	\$93,124	\$10,752	\$316,682	-\$6,600	\$310,082
92000 Asset Management Fee						
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other	\$1,200			\$1,200		\$1,200
92500 Total Tenant Services	\$1,200	\$0	\$0	\$1,200	\$0	\$1,200
93100 Water	\$3,748			\$3,748		\$3,748
93200 Electricity	\$155,885			\$155,885		\$155,885
93300 Gas	\$6,835			\$6,835		\$6,835
93400 Fuel						
93500 Labor						
93600 Sewer	\$24,148			\$24,148		\$24,148
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense	\$2,971			\$2,971		\$2,971
93000 Total Utilities	\$193,587	\$0	\$0	\$193,587	\$0	\$193,587
94100 Ordinary Maintenance and Operations - Labor	\$88,664			\$88,664		\$88,664
94200 Ordinary Maintenance and Operations - Materials and Other	\$70,423			\$70,423		\$70,423
94300 Ordinary Maintenance and Operations Contracts	\$116,806			\$116,806		\$116,806
94500 Employee Benefit Contributions - Ordinary Maintenance	\$19,039			\$19,039		\$19,039
94000 Total Maintenance	\$294,932	\$0	\$0	\$294,932	\$0	\$294,932

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
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	\$0
96110 Property Insurance	\$58,130			\$58,130		\$58,130
96120 Liability Insurance	\$2,332			\$2,332		\$2,332
96130 Workmen's Compensation	\$2,271	\$751		\$3,022		\$3,022
96140 All Other Insurance	\$2,922	\$1,677		\$4,599		\$4,599
96100 Total insurance Premiums	\$65,655	\$2,428	\$0	\$68,083	\$0	\$68,083
96200 Other General Expenses	\$304	\$410		\$714		\$714
96210 Compensated Absences	\$14,342	\$1,824		\$16,166		\$16,166
96300 Payments in Lieu of Taxes	\$14,033			\$14,033		\$14,033
96400 Bad debt - Tenant Rents	\$10,582			\$10,582		\$10,582
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$39,261	\$2,234	\$0	\$41,495	\$0	\$41,495
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$807,441	\$97,786	\$10,752	\$915,979	-\$6,600	\$909,379
97000 Excess of Operating Revenue over Operating Expenses	\$159,546	\$1,397,819	\$25,308	\$1,582,673	\$0	\$1,582,673
97100 Extraordinary Maintenance	\$17,938			\$17,938		\$17,938
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$1,306,496		\$1,306,496		\$1,306,496
97350 HAP Portability-In		\$10,161		\$10,161		\$10,161
97400 Depreciation Expense	\$245,029	\$7,626		\$252,655		\$252,655
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$1,070,408	\$1,422,069	\$10,752	\$2,503,229	-\$6,600	\$2,496,629
10010 Operating Transfer In	\$94,866			\$94,866	-\$94,866	\$0
10020 Operating transfer Out	-\$94,866			-\$94,866	\$94,866	\$0
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$103,421	\$73,536	\$25,308	-\$4,577	\$0	-\$4,577
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0

New Castle Housing Authority (IN050)

New Castle, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
11030 Beginning Equity	\$3,239,981	\$317,103	\$0	\$3,557,084		\$3,557,084
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$25,308	-\$25,308	\$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 Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		\$388,328		\$388,328		\$388,328
11180 Housing Assistance Payments Equity		\$27,619		\$27,619		\$27,619
11190 Unit Months Available	1872	3672		5544		5544
11210 Number of Unit Months Leased	1854	3479		5333		5333
11270 Excess Cash	\$444,417			\$444,417		\$444,417
11610 Land Purchases	\$0			\$0		\$0
11620 Building Purchases	\$14,743			\$14,743		\$14,743
11630 Furniture & Equipment - Dwelling Purchases	\$11,730			\$11,730		\$11,730
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0		\$0
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

NEW CASTLE HOUSING AUTHORITY
 SCHEDULE EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT F

FEDERAL GRANTOR	ALN #	FEDERAL AWARDS EXPENDED	TOTAL PROGRAM EXPENDITURES
Major Federal Programs - U S Department of Housing and Urban Development			
Low Rent Public Housing	14.850	\$ 316,843	\$ 975,542
Public Housing Capital Fund Program	14.872	94,866	94,866
Total Major Federal Program		411,709	1,070,408
Non-Major Federal Programs - U S Department of Housing and Urban Development			
<u>Housing Choice Voucher Cluster</u>			
Housing Choice Voucher	14.871	\$ 1,483,953	\$ 1,396,761
HCV CARES Act	14.HCC	36,060	36,060
Total Non-Major Federal Program		1,520,013	1,432,821
Total All Programs		\$ 1,931,722	\$ 2,503,229

**NEW CASTLE HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the New Castle Housing Authority, (Authority), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the Authority's consolidated financial statements.

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended June 30, 2022. The awards are classified into major and non-major program categories in accordance with the provisions of the Uniform Guidance. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended June 30, 2022, and should be read in conjunction with the Authority's consolidated financial statements.

The Authority did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) costs.

Note 2 - Sources of Funding

The schedule includes all grants and contracts entered into directly between the Authority and agencies and departments of the federal government, as well as federal funds passed-through to the Authority by primary recipients. The Authority provided no part of its direct grant federal dollars to sub-recipients.

Note 3 - Sub-recipients

There were no sub-recipients for the year ended June 30, 2022.

Note 4 - Loans Outstanding

There were no federal loans outstanding for the year ended June 30, 2022.

Note 5 - Non-Cash Assistance

The Authority provided no non-cash assistance for the year ended June 30, 2022.

Note 6 - Insurance

The Authority had no federal insurance for the year ended June 30, 2022.

NEW CASTLE HOUSING AUTHORITY
 STATEMENT OF CAPITAL FUND PROGRAM COST UNCOMPLETED
 FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT G

PHASES IN36P050 - 501-19, 501-20 AND 501-21

	501-19	501-20	501-21	Total
Funds Approved	\$ 279,939	\$ 299,071	\$ 297,367	\$ 876,377
Funds Expended	<u>279,939</u>	<u>299,071</u>	<u>65,452</u>	<u>644,462</u>
Excess\ (Deficit) of Funds Approved	\$ <u>-</u>	\$ <u>-</u>	\$ <u>231,915</u>	\$ <u>231,915</u>
Funds Advanced	\$ 279,939	\$ 299,071	\$ 65,452	\$ 644,462
Funds Expended	<u>279,939</u>	<u>299,071</u>	<u>65,452</u>	<u>644,462</u>
Excess\ (Deficit) of Funds Advanced	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

- 1) Capital Fund Program costs for Phases IN36P050 - 501-19, 501-20 and 501-21 are shown above.
- 2) Cost additions during this fiscal year, totaled \$94,866, and were audited by VB&C.

**NEW CASTLE HOUSING AUTHORITY
STATEMENT OF CAPITAL FUND PROGRAM COST COMPLETED
FOR THE YEAR ENDED JUNE 30, 2022**

EXHIBIT H

No completed CFP Programs were closed in FYE June 30, 2022.

SINGLE AUDIT REPORTS

**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, IN 47362

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

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 primary government business type activities and the blended component units of the New Castle Housing Authority (Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on Internal Control over Financial Reporting

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

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

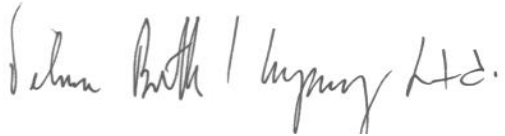
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 organization'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.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd.".

Velma Butler & Company, Ltd.
Chicago, Illinois

March 10, 2023

Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Board of Commissioners
New Castle Housing Authority
New Castle, IN 47362

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the New Castle Housing Authority (Authority), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended June 30, 2022. 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.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2022, and have issued our report thereon dated March 10, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of

expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd.".

Velma Butler & Company, Ltd.
Chicago, Illinois

March 10, 2023

Independent Auditor's Report on Applying Agreed-Upon Procedures

Board of Commissioners
New Castle Housing Authority
New Castle, IN 47362

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

We have performed the procedure described in the second paragraph of this report, which was agreed to by the New Castle Housing Authority (Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed document listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

We were engaged to perform an audit of the financial statements of the Authority as of and for the year ended June 30, 2022, and have issued our report thereon dated March 10, 2023, the information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority's Financial Data Schedule (FDS) dated March 10, 2023, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package and the FDS, which included the auditor's report, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit report. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Housing Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Velma Butler / Company Ltd." The signature is written in a cursive, flowing style.

Velma Butler & Company, Ltd.
Chicago, Illinois

March 10, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COST

**NEW CASTLE HOUSING AUTHORITY
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditor's Results

Financial Statements

The type of report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? ___ Yes X No

Deficiencies identified not considered to be material weaknesses?
 ___ Yes X None reported

Noncompliance material to financial statements noted?
 ___ Yes X None reported

Federal Awards

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

Internal control over major programs:

Material weakness(es) identified? ___ Yes X No

Deficiencies identified not considered to be material weaknesses?
 ___ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Uniform Audit Guidance?
 ___ Yes X No

Identification of major program:

U.S. Department of Housing and Urban Development

<u>ALN Number</u>	<u>Name of Federal Program</u>
14.850	Low Rent Public Housing Program
14.872	Public Housing Capital Fund Program

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

Auditee qualified as low-risk auditee? X Yes ___ No

**NEW CASTLE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CURRENT YEAR
FOR THE YEAR ENDED JUNE 30, 2022**

Section II - Financial Statement Findings

There were no reportable findings for the fiscal year ended June 30, 2022.

Section III - Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended June 30, 2022.

**NEW CASTLE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PRIOR YEAR
FOR THE YEAR ENDED JUNE 30, 2022**

Section IV - Financial Statement Findings

There were no reportable findings for the fiscal year ended June 30, 2021.

Section V - Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended June 30, 2021.