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B34452

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 29, 2009

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

We have reviewed the audit report prepared by Jean Sickels, CPA, Independent Public Accountant, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of Noblesville Housing Authority, as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

We call your attention to the recommendation in the management letter, which is included in the back of the bound report.

STATE BOARD OF ACCOUNTS

NOBLESVILLE HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

NOBLESVILLE, INDIANA
DECEMBER 31, 2007

Jean Sickels

Certified Public Accountant

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

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

NOBLESVILLE
HOUSING AUTHORITY

Noblesville, Indiana
DECEMBER 31, 2007

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Jean Sicks

Certified Public Accountant
8518 S Kays Chapel Rd
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

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

I have audited the financial statements of the Noblesville Housing Authority ("the Authority") as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

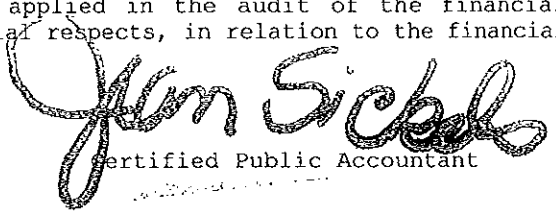
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Noblesville Housing Authority as of December 31, 2007, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 4, 2008, on my consideration of the Noblesville Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis as detailed in this Report, is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries made of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements of the Noblesville Housing Authority. The accompanying Schedule of Expenditures of Federal Awards as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, Financial Data Schedule required by the U.S. Department of Housing and Urban Development, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Fredericksburg, Indiana
August 4, 2008


Certified Public Accountant

Noblesville Housing Authority
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Introduction

This Management Discussion and Analysis (MD&A) of the Noblesville Housing Authority (Authority) provides an introduction and overview of the financial statements of the Authority for the fiscal year ended December 31, 2007. The Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2007, to assist the reader in focusing on significant financial issues.

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

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

- ❖ The Housing Choice Voucher Program provides rental assistance to aid low income families afford, decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment (HAP) to a landlord on behalf of the tenant. The Authority currently has a total of 185 baseline ACC units. Funds are provided by the US Department of Housing & Urban Development (HUD) to provide HAP for participating families and administrative fee to the Authority for administrative cost of the program.
- ❖ The Authority was Contract Administrator of a privately owned Section 8 New Construction Project with 71 units of project based apartments which ended 7/1/2007. HUD provided funding to the Authority under an Annual Contribution Contract (ACC). The Authority then provided rental assistance to the owner under a Housing Assistance Payment Contract (HAP) for each unit based on 30% of adjusted gross income of the participating families.
- ❖ Under an administrative contract the Authority administers a Community Development Block Grant (CDBG) Entitlement to and for Hamilton County, Indiana. Funding is divided into four strategies: improve the quality of housing stock through rehabilitation and repair of owner occupied units; provide critical infrastructure improvements to sidewalks and flood drains in six Cities and Towns; provide public service activities through-out the County to benefit low-moderate income persons; and to fund administrative cost.
- ❖ Hamilton County Area Neighborhood Development Inc. (HAND) has been created with the supported of Noblesville Housing Authority for such purposes including but not limited to fostering and providing for the development, management of affordable, safe, decent low-income housing and educate the community about affordable housing issues.

Overview of the Financial Statements

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

Noblesville Housing Authority
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007
(Continued)

- ❖ The Statement of Net Assets
- ❖ The Statement of Revenues, Expense, and Changes in Net Assets
- ❖ The Statement of Cash Flows

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

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

The Statement of Revenues, Expenses, and Changes in Net Assets reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2007 to determine the change in net assets for the fiscal year.

The Statement of Cash Flows report cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2007.

Financial Highlights

- ❖ The Authority's total net assets increased from December 31, 2006 balance of \$292,861 to the 12/31/07 balance of \$358,688 an increase of \$65,827 or 22% increase.
- ❖ The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$358,688 (net assets).
- ❖ The Authority had HUD operating grants of \$1,491,486, other government grants of \$37,483, investment income of \$8,106, fraud recovery income of \$5,982 and other revenue income of \$10,298 for the year ended December 31, 2007.

Noblesville Housing Authority
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007
(Continued)

Housing Authority Activities and Highlights

The Noblesville Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2007 and December 31, 2006.

Summary Statement of Net Assets
December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>	<u>NET CHANGE</u>
ASSETS			
<u>Current Assets</u>			
Cash – Unrestricted	\$ 82,346	\$ 114,028	\$ -31,682
Cash – Restricted	253,922	175,852	78,070
Accounts Receivable	73,983	43,900	30,083
Prepaid expenses	<u>552</u>	<u>156</u>	<u>396</u>
Current Assets	<u>410,803</u>	<u>333,936</u>	<u>76,867</u>
<u>Property and Equipment</u>			
Land	62,066	0	62,066
Office Equipment – net	<u>7,541</u>	<u>8,894</u>	<u>(1,353)</u>
Property & Equipment	<u>69,607</u>	<u>8,894</u>	<u>60,713</u>
TOTAL ASSETS	<u>480,410</u>	<u>342,830</u>	<u>137,580</u>
LIABILITIES & NET ASSETS			
<u>Current Liabilities</u>			
Accounts Payable	<u>94,844</u>	<u>20,836</u>	<u>74,008</u>
Current Liabilities	<u>94,844</u>	<u>20,836</u>	<u>74,008</u>
Noncurrent Liabilities	<u>26,878</u>	<u>29,133</u>	<u>(2,255)</u>
TOTAL LIABILITIES	<u>121,722</u>	<u>49,969</u>	<u>71,753</u>
<u>Net Assets</u>			
Invested in Capital Assets	69,607	8,894	60,713
Restricted	236,828	175,852	60,976
Unrestricted	<u>52,253</u>	<u>108,115</u>	<u>(55,862)</u>
TOTAL NET ASSETS	<u>\$ 358,688</u>	<u>\$ 292,861</u>	<u>\$ 65,827</u>

Noblesville Housing Authority
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007
(Continued)

Discussion of change in Net Assets:

- * Assets Cash - Restricted increase represents unspent HAP on both the Housing Choice Voucher and New Construction programs.
- * Assets Accounts Receivable represents the amount due from the CDBG program and HAND Inc.
- * Current Accounts Payable increase from previous year for several reasons: unspent HAP on the new Construction program; elimination of interprogram funds which caused a bank overdraft on the financial statements; includes end of the year accrued payroll that had not been included in previous years; and a \$10,000 loan to HAP Inc. to secure an option on land for a senior development in Sheridan, Indiana.

Summary Statement of Revenues & Expenses

And

Changes in Operating Income between December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>	<u>NET CHANGE</u>
REVENUES			
HUD Operating Grants	\$ 1,491,486	\$ 1,669,007	\$ (177,521)
Other Government Grants	37,483	0	37,483
Investment Income	8,106	7,078	1,028
Fraud Recovery Income	5,982	8,418	(2,436)
Other Revenue	<u>10,298</u>	<u>9,770</u>	<u>528</u>
TOTAL REVENUE	<u>1,553,355</u>	<u>1,694,273</u>	<u>(140,918)</u>
EXPENSES			
Operating Expenses	329,252	287,456	41,796
Housing Assistance Payments	1,165,644	1,367,983	(202,339)
Depreciation Expense	<u>1,738</u>	<u>1,556</u>	<u>182</u>
TOTAL EXPENSES	<u>1,496,634</u>	<u>1,656,995</u>	<u>(160,361)</u>
<u>Net Income (Loss)</u>	<u>\$ 56,721</u>	<u>\$ 37,278</u>	<u>\$ 19,443</u>

Discussion of Changes in Revenues & Expenses:

- * HUD Operating Grants decrease from previous year is attributed mostly to the end of the New Construction program 7/1/2007, but also a decrease in Housing Choice Voucher HAP/Administrative fee.
- * Operating Expenses increase from previous year due to annual increase in personnel costs and the inclusion of HAND Inc. staff.

Noblesville Housing Authority
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007
(Continued)

Discussion of Changes in Revenues & Expenses: (continued)

* Housing Assistance Payments decreased from previous year due to end of the New Construction program 7/1/2008.

Capital Assets

There were no significant changes in the Authorities capital assets.

Debt Administration

The Authority has no debt.

Request for Information

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

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

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

FINANCIAL STATEMENTS

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

ASSETS

Current Assets

Cash and cash equivalents	\$ 82,346
Restricted cash and cash equivalents	253,922
Accounts receivable, net	73,983
Prepaid insurance	552
Total Current Assets	<u><u>410,803</u></u>

Capital Assets:

Land and other non-depreciable assets	62,066
Depreciable capital assets, net	7,541
Total Capital Assets	<u><u>69,607</u></u>

Total Assets 480,410

LIABILITIES

Current liabilities

Bank overdraft	41,032
Accounts payable	33,538
Accrued liabilities	20,274
Total Current Liabilities	<u><u>94,844</u></u>

Noncurrent Liabilities

Accrued compensated absences	9,784
Other noncurrent liabilities, restricted	17,094
Total Noncurrent Liabilities	<u><u>26,878</u></u>

Total Liabilities 121,722

NET ASSETS

Invested in capital assets	69,607
Restricted	236,828
Unrestricted	52,253
Total Net Assets	<u><u>\$ 358,688</u></u>

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

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

OPERATING REVENUES

Other income \$ 16,280

TOTAL OPERATING REVENUE 16,280

OPERATING EXPENSES

Administrative 326,189

General expense 2,756

Housing assistance payments 1,165,644

Ordinary maintenance and operation 307

Depreciation expense 1,738

TOTAL OPERATING EXPENSES 1,496,634

OPERATING INCOME (LOSS) (1,480,354)

NONOPERATING REVENUES

Federal operating grants 1,528,969

Interest income 8,106

TOTAL NONOPERATING REVENUES 1,537,075

CHANGE IN NET ASSETS 56,721

TOTAL NET ASSETS - BEGINNING OF YEAR, as originally stated 292,861

Prior period adjustments 9,106

TOTAL NET ASSETS - BEGINNING OF YEAR, as originally stated 301,967

NET ASSETS, END OF YEAR \$ 358,688

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

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	16,280
Payments to vendors		(4,727)
Payments to landlords		(1,165,644)
Payments to employees		(275,883)
Net Cash Used by Operating Activities		<u>(1,429,974)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>1,528,969</u>
Net Cash Flows Provided (Used) by Noncapital Financing Activities		<u>1,528,969</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets		<u>(60,713)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		<u>(60,713)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		<u>8,106</u>
Net Cash Provided (Used) from Investing Activities		<u>8,106</u>

Net Increase (Decrease) in Cash and Cash Equivalents		46,388
Cash - Beginning of year		<u>289,880</u>
Cash - End of year	\$	<u><u>336,268</u></u>

Reconciliation of Cash		
Unrestricted	\$	82,346
Restricted		<u>253,922</u>
Total Cash and Cash Equivalents	\$	<u><u>336,268</u></u>

Continued

NOBLESVILLE HOUSING AUTHORITY
NOBLESVILLE, INDIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

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

Operating income (loss)	\$ (1,480,354)
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	1,738
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(22,715)
Prepaid expenses	(396)
Increase (Decrease) in:	
Accounts payable	55,549
Accrued liabilities	16,204
Net Cash Flows Provided (Used) by Operating Activities	\$ <u>(1,429,974)</u>

The accompanying notes are an integral part of these financial statements

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE A - Summary of Significant Accounting Policies:

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

The NOBLESVILLE HOUSING AUTHORITY is a political subdivision both corporate and politic which was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of the Housing Choice Voucher and New Construction programs formally referred to as the Section 8 programs (Contract Nos. C-2056 and C-2066).

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Noblesville Housing Authority, a primary government. Although it is legally separate from the Noblesville Housing Authority, HAND, Inc. is reported as if it is part of the primary government because its sole purpose is to work in conjunction with the Housing Authority to assist with providing housing for low and moderate income individuals and share no more than one-third the same governing boards, accordingly Hand, Inc. financial information has been blended with the Housing Authority.

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

The Authority had 185 Housing Choice Voucher units in management at December 31, 2007; the New Construction program units of 71 ended 7/1/2008:

<u>Project</u>	<u>Units</u>
Vouchers	<u>185</u>

Basis of Presentation

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

The Authority's financial statements are accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB Opinions, and ARB's issued on or before, November 30, 1989, unless those pronouncements conflict with or contradicts GASB pronouncements.

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)

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

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

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

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

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

Restricted - Net assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service. The Authority has restricted funds totaling \$87,084 that represents excess HAP grant funding provided by the Department of Housing & Urban Development for the sole purpose of providing assistance payments to eligible individuals through the Housing Choice Voucher Program. This amount represents the total amount of excess Authority to retain these funds for future housing assistance payments. The requirements imposed by HUD represent a legally enforceable requirement upon this program.

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

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

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

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)

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

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

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

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

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

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond December 31, 2007.

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

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

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

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.

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)

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

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

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

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

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

1. HUD Deposit Restrictions

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

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

At December 31, 2007, the carrying amount of the Authority's deposits was \$336,268. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement.

Deposits consist of the following:

Checking and Savings accounts \$ 336,268

Restricted cash consists of the following:

Section 8 HAP	\$ 87,084
Family Self Sufficiency Escrow	17,094
McKinney Act Refunding Agreement	148,844
Disaster Housing Grant	<u>900</u>
Total	<u>\$ 253,922</u>

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2007, consist of the following:

Accounts receivable - HUD	\$ 47,695
Accounts receivable - fraud recovery	8,354
Accounts receivable - Other Government	3,654
Accounts receivable miscellaneous	<u>14,280</u>
 Total	 <u>\$ 73,983</u>

NOTE D - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 12/31/06	Increases	Decreases	Ending Balance 12/31/07
Land	\$ 0	\$ 62,066	\$ 0	\$ 62,066
Capital Assets, being depreciated: Furniture, Equipment & Machinery	<u>22,690</u>	<u>386</u>	<u>0</u>	<u>23,076</u>
Less Accumulated Depreciation:	<u>(13,796)</u>	<u>(1,739)</u>	<u>0</u>	<u>(15,535)</u>
Total Capital Assets, being depreciated	<u>8,894</u>	<u>(1,353)</u>	<u>0</u>	<u>7,541</u>
Capital Assets, Net	<u>\$ 8,894</u>	<u>\$ 60,713</u>	<u>\$ 0</u>	<u>\$ 69,607</u>

For the year ended December 31, 2007, depreciation expense in the amount of \$1,738 was recorded.

NOTE E - Accounts payable:

Accounts payable at December 31, 2007, consist of the following:

Accounts payable - Vendors	\$ 2,751
HUD	17,357
Miscellaneous	<u>13,430</u>
 Total	 <u>\$33,538</u>

NOTE F - Accrued Liabilities:

Accrued Liabilities at December 31, 2007, consist of the following:

Accrued Wage/Payroll Taxes Payable	\$ 12,508
Accrued Compensated absences	<u>7,766</u>
 Total	 <u>\$ 20,274</u>

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE G - Noncurrent Liabilities:

Noncurrent liabilities at December 31, 2007, consist of the following:

	<u>12/31/06</u>	<u>Additions</u>	<u>Decreases</u>	<u>12/31/07</u>
Accrued compensated absences	\$ 7,020	\$ 2,764	\$ 0	\$ 9,784

NOTE H - Other Noncurrent Liabilities:

Restricted assets at December 31, 2007, consist of the following:

Family Self Sufficiency Escrow Accounts	\$ 17,094
---	-----------

NOTE I - Federal Operating Grants:

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

Community Development Block Grant	\$ 156,275
Housing Choice Vouchers	1,101,559
Section 8 New Construction	229,520
CHDO Grant	37,483
Disaster Grant	4,132
	\$ 1,528,969
Total	\$ 1,528,969

NOTE J - Commitments and Contingencies:

Examinations: The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There was one examination during the year ended December 31, 2007.

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

NOTE K - Risk Management:

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

NOTE L - Pension Plan:

Plan Description

The Authority contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern,

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)

NOTE L - Pension Plan: (continued)

through the PERF Board, most requirements of the system and give the Authority the right to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employee's Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

The Authority's contributions were calculated using the base salary amount of \$208,240 for participating employees. During the year ended December 31, 2007, the Authority's required and actual contributions amounted to \$18,742, and the employees contributed \$6,247. The Authority's contributions in 2006 were \$13,942 and in 2005 were \$8,455.

Basis of Accounting

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

Valuation of Investments

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

NOTE M - Economic Dependency:

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

NOTE N - Prior Period Adjustment:

The prior period adjustment consists of a change in accounting method for the Fraud Recovery allowance for doubtful accounts.

SUPPLEMENTAL FINANCIAL INFORMATION

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

COMBINING SCHEDULE OF PROGRAM NET ASSETS
DECEMBER 31, 2007

	Annual Contributions Contracts	
	C - 2066	C - 2056
	Section 8 New Construction	Section 8 Housing Choice Vouchers
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 23,843	\$ 41,240
Restricted cash and cash equivalents	0	104,178
Accounts receivable, net	550	12,084
Prepaid insurance	0	396
Total Current Assets	24,393	157,898
<u>Capital Assets:</u>		
Land and other non-depreciable assets	0	0
Depreciable capital assets, net	0	5,737
Total Capital Assets	0	5,737
Total Assets	24,393	163,635
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Bank overdraft	0	0
Accounts payable	17,357	2,256
Accrued liabilities	0	10,015
Total Current Liabilities	17,357	12,271
<u>Noncurrent Liabilities</u>		
Accrued compensated absences	0	9,784
Other noncurrent liabilities, restricted	0	17,094
Total Noncurrent Liabilities	0	26,878
Total Liabilities	17,357	39,149
<u>NET ASSETS</u>		
Invested in capital assets	0	5,737
Restricted	0	87,084
Unrestricted	7,036	31,665
Total Net Assets	\$ 7,036	\$ 124,486

Community Development Block Grant	State / Local	Disaster Housing Assistance	HAND, Inc. Component Unit	Total
\$ 0	\$ 0	\$ 3,232	\$ 14,031	\$ 82,346
0	148,844	900	0	253,922
47,695	10,000	0	3,654	73,983
0	0	0	156	552
<u>47,695</u>	<u>158,844</u>	<u>4,132</u>	<u>17,841</u>	<u>410,803</u>
0	52,066	0	10,000	62,066
0	0	0	1,804	7,541
<u>0</u>	<u>52,066</u>	<u>0</u>	<u>11,804</u>	<u>69,607</u>
<u>47,695</u>	<u>210,910</u>	<u>4,132</u>	<u>29,645</u>	<u>480,410</u>
41,032	0	0	0	41,032
495	0	0	13,430	33,538
6,168	0	0	4,091	20,274
<u>47,695</u>	<u>0</u>	<u>0</u>	<u>17,521</u>	<u>94,844</u>
0	0	0	0	9,784
0	0	0	0	17,094
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,878</u>
<u>47,695</u>	<u>0</u>	<u>0</u>	<u>17,521</u>	<u>121,722</u>
0	52,066	0	11,804	69,607
0	148,844	900	0	236,828
0	10,000	3,232	320	52,253
<u>\$ 0</u>	<u>\$ 210,910</u>	<u>\$ 4,132</u>	<u>\$ 12,124</u>	<u>\$ 358,688</u>

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Annual Contributions	
	C - 2066	C - 2056
	Section 8 New Construction	Section 8 Housing Choice Vouchers
<u>OPERATING REVENUES</u>		
Other income	\$ 0	\$ 11,848
TOTAL OPERATING REVENUE	0	11,848
<u>OPERATING EXPENSES</u>		
Administrative	10,556	121,153
General expense	12	630
Housing assistance payments	219,187	946,457
Ordinary maintenance and operation	35	272
Depreciation expense	0	1,328
TOTAL OPERATING EXPENSES	229,790	1,069,840
OPERATING INCOME (LOSS)	(229,790)	(1,057,992)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Federal operating grants	229,520	1,101,559
Interest income	0	5,351
TOTAL NONOPERATING REVENUES	229,520	1,106,910
CHANGE IN NET ASSETS	(270)	48,918
TOTAL NET ASSETS - BEGINNING OF YEAR as originally stated	7,306	66,462
Prior period adjustments	0	9,106
TOTAL NET ASSETS - BEGINNING OF YEAR as restated	7,306	75,568
NET ASSETS, END OF YEAR	\$ 7,036	\$ 124,486

<u>Community Development Block Grant</u>	<u>State / Local</u>	<u>Disaster Housing Assistance</u>	<u>HAND, Inc. Component Unit</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 4,432	\$ 16,280
<u>0</u>	<u>0</u>	<u>0</u>	<u>4,432</u>	<u>16,280</u>
155,411	6,215	0	32,854	326,189
864	0	0	1,250	2,756
0	0	0	0	1,165,644
0	0	0	0	307
<u>0</u>	<u>0</u>	<u>0</u>	<u>410</u>	<u>1,738</u>
<u>156,275</u>	<u>6,215</u>	<u>0</u>	<u>34,514</u>	<u>1,496,634</u>
<u>(156,275)</u>	<u>(6,215)</u>	<u>0</u>	<u>(30,082)</u>	<u>(1,480,354)</u>
156,275	0	4,132	37,483	1,528,969
<u>0</u>	<u>2,755</u>	<u>0</u>	<u>0</u>	<u>8,106</u>
<u>156,275</u>	<u>2,755</u>	<u>4,132</u>	<u>37,483</u>	<u>1,537,075</u>
<u>0</u>	<u>(3,460)</u>	<u>4,132</u>	<u>7,401</u>	<u>56,721</u>
0	214,370	0	4,723	292,861
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,106</u>
<u>0</u>	<u>214,370</u>	<u>0</u>	<u>4,723</u>	<u>301,967</u>
\$ <u>0</u>	\$ <u>210,910</u>	\$ <u>4,132</u>	\$ <u>12,124</u>	\$ <u>358,688</u>

PHA: IN080 FYED: 12/31/2007

Line Item No.	Account Description	N/C S/R Section 8 Programs	Community Development Block Grants/Economic Development Initiative	Housing Choice Vouchers	State/Local Units	Component Units	Disaster Housing Assistance Grant	Total
111	Cash - Unrestricted	\$23,843	\$0	\$41,240	\$0	\$14,031	\$3,232	\$82,346
113	Cash - Other Restricted	\$0	\$0	\$104,178	\$148,844	\$0	\$900	\$253,922
100	Total Cash	\$23,843	\$0	\$145,418	\$148,844	\$14,031	\$4,132	\$336,288
122	Accounts Receivable - HUD Other Projects	\$0	\$47,695	\$0	\$0	\$0	\$0	\$47,695
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$3,654	\$0	\$3,654
125	Accounts Receivable - Miscellaneous	\$550	\$0	\$3,730	\$10,000	\$0	\$0	\$14,280
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$8,354	\$0	\$0	\$0	\$8,354
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$550	\$47,695	\$12,084	\$10,000	\$3,654	\$0	\$73,983
142	Prepaid Expenses and Other Assets	\$0	\$0	\$396	\$0	\$156	\$0	\$552
150	Total Current Assets	\$24,393	\$47,695	\$157,898	\$158,844	\$17,841	\$4,132	\$410,803
161	Land	\$0	\$0	\$0	\$52,066	\$10,000	\$0	\$62,066
164	Furniture, Equipment & Machinery - Administration	\$250	\$0	\$20,475	\$0	\$2,351	\$0	\$23,076
166	Accumulated Depreciation	\$-250	\$0	\$-14,738	\$0	\$-547	\$0	\$-15,535
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$0	\$5,737	\$52,066	\$11,804	\$0	\$69,607
180	Total Non-Current Assets	\$0	\$0	\$5,737	\$52,066	\$11,804	\$0	\$69,607
190	Total Assets	\$24,393	\$47,695	\$163,635	\$210,910	\$29,645	\$4,132	\$480,410

PHA: IN080 FYED: 12/31/2007

Line Item No.	Account Description	N/C S/R Section 8 Programs	Community Development Block Grants/Economic Development Initiative	Housing Choice Vouchers	State/Local Units	Component Units	Disaster Housing Assistance Grant	Total
311	Bank Overdraft	\$0	\$41,032	\$0	\$0	\$0	\$0	\$41,032
312	Accounts Payable <= 90 Days	\$0	\$495	\$2,256	\$0	\$0	\$0	\$2,751
321	Accrued Wage/Payroll Taxes Payable	\$0	\$6,188	\$4,220	\$0	\$2,120	\$0	\$12,508
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$5,795	\$0	\$1,971	\$0	\$7,766
331	Accounts Payable - HUD PHA Programs	\$17,357	\$0	\$0	\$0	\$0	\$0	\$17,357
345	Other Current Liabilities	\$0	\$0	\$0	\$0	\$13,430	\$0	\$13,430
310	Total Current Liabilities	\$17,357	\$47,695	\$12,271	\$0	\$17,521	\$0	\$94,844
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$9,784	\$0	\$0	\$0	\$9,784
353	Noncurrent Liabilities - Other	\$0	\$0	\$17,094	\$0	\$0	\$0	\$17,094
350	Total Noncurrent Liabilities	\$0	\$0	\$26,878	\$0	\$0	\$0	\$26,878
300	Total Liabilities	\$17,357	\$47,695	\$39,149	\$0	\$17,521	\$0	\$121,722
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$5,737	\$52,066	\$11,804	\$0	\$69,607

	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$87,084	\$148,844	\$0	\$900	\$236,828		
512.1	Unrestricted Net Assets	\$7,036	\$31,666	\$10,000	\$320	\$3,232	\$52,253		
513	Total Equity/Net Assets	\$7,036	\$124,486	\$210,910	\$12,124	\$4,132	\$358,688		
600	Total Liabilities and Equity/Net Assets	\$24,393	\$163,635	\$210,910	\$29,645	\$4,132	\$480,410		

PHA: IN080 FYED: 12/31/2007

Line Item No.	Account Description	N/C S/R Section 8 Programs	Community Development Block Grants/Economic Development Initiative	Housing Choice Vouchers	State/Local	Component Units	Disaster Housing Assistance Grant	Total
911	Administrative Salaries	\$6,287	\$11,252	\$77,854	\$0	\$18,947	\$0	\$214,340
912	Auditing Fees	\$654	\$1,654	\$3,432	\$0	\$750	\$0	\$6,490
914	Compensated Absences	\$0	\$0	\$1,724	\$0	\$1,971	\$0	\$2,695
915	Employee Benefit Contributions - Administrative	\$1,600	\$32,371	\$22,293	\$0	\$5,279	\$0	\$61,543
916	Other Operating - Administrative	\$2,015	\$10,134	\$15,850	\$6,215	\$5,907	\$0	\$40,121
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$88	\$0	\$0	\$0	\$88
943	Ordinary Maintenance and Operations - Contract Costs	\$35	\$0	\$184	\$0	\$0	\$0	\$219
961	Insurance Premiums	\$12	\$864	\$670	\$0	\$1,250	\$0	\$2,796
966	Bad Debt - Other	\$0	\$0	\$-40	\$0	\$0	\$0	\$-40
969	Total Operating Expenses	\$10,603	\$156,275	\$122,055	\$6,215	\$34,104	\$0	\$329,252
970	Excess Operating Revenue over Operating Expenses	\$218,917	\$0	\$996,703	\$-3,460	\$7,811	\$4,132	\$1,224,103
973	Housing Assistance Payments	\$219,187	\$0	\$946,457	\$0	\$0	\$0	\$1,165,644
974	Depreciation Expense	\$0	\$0	\$1,328	\$0	\$410	\$0	\$1,738
900	Total Expenses	\$229,790	\$156,275	\$1,069,840	\$6,215	\$34,514	\$0	\$1,496,634
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-270	\$0	\$48,918	\$-3,460	\$7,401	\$4,132	\$56,721

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

ANNUAL CONTRIBUTION CONTRACT	PROGRAM AND ASSISTANCE TYPE	CFDA NUMBER	BUDGET	EXPENDITURES
<u>U. S. DEPARTMENT OF HUD</u>				
C-2066	Section 8 New Construction	14.182	\$ 229,520	\$ 229,520
C-2066	Community Development Block Grant	14.246	156,275	156,275
C-2056	Section 8 Housing Choice Voucher Program	14.871	<u>1,101,559</u>	<u>1,101,559</u>
TOTAL HUD FUNDING			<u>1,487,354</u>	<u>1,487,354</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>				
	Disaster Assistance Grant	97.109	<u>4,132</u>	<u>4,132</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,491,486</u>	<u>\$1,491,486</u>

Notes to Schedule of Expenditures of Federal Awards:

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

OTHER REPORTS

Jean Sicksels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

I have audited the financial statements of the Noblesville Housing Authority, as of and for the year ended December 31, 2007 and have issued my report thereon dated August 4, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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

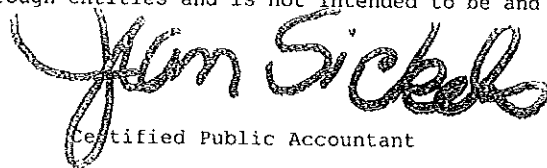
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

I noted certain matters that I reported to the management of the Noblesville Housing Authority in a separate letter dated August 4, 2008.

This report is intended solely for the information and use of the audit committee, management, Department of Housing and Urban Development, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountant

Fredericksburg, Indiana
August 4, 2008

Jean Sidels

Certified Public Accountant
8518 S Kays Chapel Rd
Fredericksburg, IN 47120

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

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

Compliance

I have audited the compliance of the Noblesville Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Noblesville Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Noblesville Housing Authority's management. My responsibility is to express an opinion on the Noblesville Housing Authority's compliance based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Noblesville Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Noblesville Housing Authority's compliance with those requirements.

In my opinion, the Noblesville Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

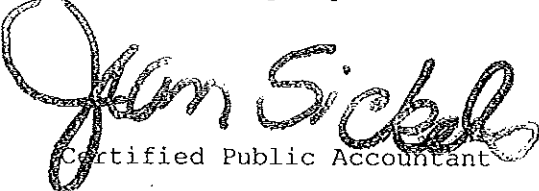
The management of the Noblesville Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Noblesville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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Department of Housing and Urban Development, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountant

Fredericksburg, Indiana
August 4, 2008

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

DECEMBER 31, 2007

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

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

Noncompliance material to financial statements
noted? yes X no

FEDERAL AWARDS

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no Financial Statement Findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings.

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

DECEMBER 31, 2007

STATUS OF PRIOR FINDINGS AND CURRENT FINDINGS

PRIOR YEAR FINDINGS

There were no prior year findings.

CURRENT YEAR FINDINGS

There are no current year findings.

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

Telephone No. (812) 472-3527

Facsimile No. (812) 472-3649

Mobile No. (404) 307-5903

Mobile No. (404) 210-0394

August 4, 2008

Management and
Board of Commissioners of the
Noblesville Housing Authority
Noblesville, Indiana

In planning and performing my audit of the financial statements of the Noblesville Housing Authority as of and for the period ended December 31, 2007, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated August 4, 2008 on the financial statements of the Authority.

I will review the status of the comment during my next audit engagement. I have already discussed the comment and suggestion with Authority personnel, and will be pleased to discuss the comment in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation. My comment is summarized as follows:

1. **CONDITION: TENANT FILES**

During a review of 19 tenant files, it was noted that one 9886 was signed but not dated.

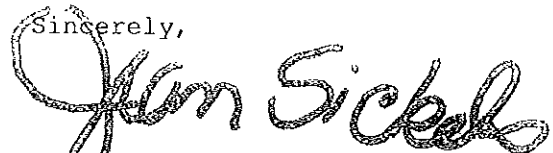
RECOMMENDATION:

The Authority should ensure that all date sensitive documents are signed correctly.

I wish to thank the Executive Director and the staff of the Authority for their support and assistance during my audit.

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

Sincerely,



Jean Sickels
Certified Public Accountant