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February 27, 2013

Board of Directors
Housing Authority of the City of Charlestown
200 Jennings Street
Charlestown, IN 47111

We have reviewed the audit report prepared by McCauley, Nicolas & Company, LLC, Independent Public Accountants, for the period October 1, 2009 to September 30, 2010. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Charlestown, as of September 30, 2010 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

**THE HOUSING AUTHORITY OF THE
CITY OF CHARLESTOWN
Charlestown, Indiana**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

for the year ended September 30, 2010

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Independent Auditors' Report

Board of Commissioners
The Housing Authority of
the City of Charlestown
Charlestown, Indiana 47111

We have audited the accompanying financial statements of the Housing Authority of the City of Charlestown as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the City of Charlestown's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Charlestown as of September 30, 2010, and the results of its operations, changes in net assets 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*, we have also issued our report dated April 20, 2011 on our consideration of the Housing Authority of the City of Charlestown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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MEMBER

PKF North American Network American Institute of CPAs AICPA PCPS Division Indiana CPA Society Kentucky Society of CPAs

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the City of Charlestown as a whole. The accompanying Schedule of Expenditures of Federal Awards on page 17 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Additionally, the accompanying Financial Data Schedule is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Financial Data Schedule are the responsibility of management and were derived from and relate 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCauley, Nicolas & Company, LLC

McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
April 20, 2011

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended September 30, 2010

As management of the Housing Authority of the City of Charlestown (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2010.

FINANCIAL HIGHLIGHTS

- Net assets of the Authority increased \$407,593 as of September 30, 2010 over the prior year.
- Operating revenue of the Authority decreased by \$80,636 from prior year results.
- The Authority's cash and cash equivalent balance at September 30, 2010 was \$831,599, representing a decrease of \$50,651 from September 30, 2009.
- The Authority purchased property and equipment totaling \$613,207 during the fiscal year ended September 30, 2010.

OVERVIEW OF THE AUTHORITY

The Housing Authority of the City of Charlestown, a nonprofit organization, is organized under the laws of the state of Indiana for the purpose of engaging in the development and administration of low-rent housing programs. The Authority owns and operates 250 public housing units and administers 70 Section 8 Housing Choice Voucher units under an Annual Contributions Contract 2050-V in Charlestown, Indiana.

A seven-member Board of Commissioners governs the Authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements consist of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Authority-wide financial statements and notes to the financial statements.

- The Authority-wide financial statements provide information about the Authority's overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Assets, the Statement of Revenue, Expenses and Changes in Net Assets and the Statement of Cash Flows (all of which are Proprietary Funds).
- The basic financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of these statements.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued
Year ended September 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS-Continued

The primary focus of the Authority's financial statements is on the financial statements of a single business-type activity that combines all programs administered by the Authority. The Statement of Net Assets – Proprietary Fund includes all of the Authority's assets and liabilities. All of the current year's revenue and expenses are accounted for in the Statement of Revenue, Expenses and Changes in Net Assets – Proprietary Fund regardless of when cash is received or paid.

- The Authority-wide financial statements report the Authority's net assets and how they changed. Net assets – the difference between the Authority's assets and liabilities – are one way to measure the Authority's financial position.

AN OVERVIEW OF THE AUTHORITY-WIDE FINANCIAL POSITION AND OPERATIONS

The Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

The Housing Authority of the City of Charlestown
Statement of Net Assets - Proprietary Fund

| | 2010 | 2009 | Increase/Decrease | |
|-----------------------------|---------------------|---------------------|--------------------|--------------|
| | | | Amount | Percentage |
| Current Assets | \$ 2,255,725 | \$ 2,050,544 | \$ 205,181 | 10.0% |
| Property and equipment, net | 5,467,441 | 5,291,113 | 176,328 | 3.3% |
| Total Assets | <u>\$ 7,723,166</u> | <u>\$ 7,341,657</u> | <u>\$ 381,509</u> | <u>5.2%</u> |
| Current Liabilities | <u>\$ 252,438</u> | <u>\$ 278,522</u> | <u>\$ (26,084)</u> | <u>-9.4%</u> |
| Net Assets | | | | |
| Invested in capital assets | \$ 5,467,441 | \$ 5,291,113 | \$ 176,328 | 3.3% |
| Unrestricted net assets | 1,954,942 | 1,723,325 | 231,617 | 13.4% |
| Restricted net assets | 48,345 | 48,697 | (352) | -0.7% |
| Total Net Assets | <u>\$ 7,470,728</u> | <u>\$ 7,063,135</u> | <u>\$ 407,593</u> | <u>5.8%</u> |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued
Year ended September 30, 2010

AN OVERVIEW OF THE AUTHORITY-WIDE FINANCIAL POSITION AND OPERATIONS—
Continued

The Authority's total assets at September 30, 2010 were \$7,723,166, an increase of approximately \$382,000, or 5.2%, from September 30, 2009. The change in total assets consisted primarily of a net increase of approximately \$211,000 in cash, cash equivalent and certificates of deposit and \$176,000 in property and equipment, net of disposals and accumulated depreciation.

Cash, Cash Equivalent and Certificates of Deposit

Total cash, cash equivalent and certificates of deposit increased by approximately \$211,000 or 10.6% as of September 30, 2010 compared to September 30, 2009.

Accounts Receivable - tenant

Accounts receivable, net, increased by \$4,149 in 2010.

Accounts Receivable – HUD

There were no receivables from HUD at September 30, 2010. At September 30, 2009, the Authority had a receivable of \$12,028 from HUD related to expenditures in the Capital Fund program.

Property and Equipment

The Authority purchased \$601,179 of property and equipment, which consisted primarily of capital improvements to the Authority's public housing units.

Long-term Debt

The Authority does not have any long-term liabilities at this time.

Net Assets

The Authority's financial position improved as net assets increased by \$407,593, or 5.8%, during 2010. The Authority continued to maintain a positive change in net assets to cover operating expenses.

The results of operations for the Authority are presented on the following page:

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued
Year ended September 30, 2010

AN OVERVIEW OF THE AUTHORITY-WIDE FINANCIAL POSITION AND OPERATIONS—
Continued

The Housing Authority of the City of Charlestown
Statement of Revenue, Expenses and Changes in Net Assets - Proprietary Fund

| | <u>2010</u> | <u>2009</u> | <u>Increase/Decrease</u> | |
|---|-------------------|-------------------|--------------------------|-----------------|
| | | | Amount | Percentage |
| OPERATING REVENUE | | | | |
| Tenant rental revenue | \$ 806,313 | \$ 765,369 | \$ 40,944 | 5.3% |
| HUD PHA grants | 738,864 | 856,138 | (117,274) | -13.7% |
| Other revenue | <u>32,901</u> | <u>37,815</u> | <u>(4,914)</u> | <u>-13.0%</u> |
| TOTAL OPERATING REVENUE | <u>1,578,078</u> | <u>1,659,322</u> | <u>(81,244)</u> | <u>-4.9%</u> |
| OPERATING EXPENSES | | | | |
| Administration | 318,658 | 306,951 | 11,707 | 3.8% |
| Tenant service | 10,108 | 8,660 | 1,448 | 16.7% |
| Utilities | 233,101 | 274,609 | (41,508) | -15.1% |
| Ordinary maintenance and operations | 377,994 | 329,419 | 48,575 | 14.7% |
| Protective services | 13,000 | 26,000 | - | 0.0% |
| Insurance premiums | 57,225 | 59,967 | (2,742) | -4.6% |
| Other general expenses | 68,355 | 57,078 | 11,277 | 19.8% |
| Housing assistance payments | 252,788 | 243,124 | 9,664 | 4.0% |
| Depreciation | <u>424,851</u> | <u>367,473</u> | <u>57,378</u> | <u>15.6%</u> |
| TOTAL OPERATING EXPENSES | <u>1,756,080</u> | <u>1,673,281</u> | <u>82,799</u> | <u>4.9%</u> |
| Operating loss | <u>(178,002)</u> | <u>(13,959)</u> | <u>(164,043)</u> | <u>-1175.2%</u> |
| NONOPERATING REVENUE (EXPENSE) | | | | |
| Gain on disposal of property and equipment | 1,000 | - | 1,000 | 0.0% |
| Casualty Losses - Non-capitalized | - | (93,855) | 93,855 | 0.0% |
| Interest and investment revenue | <u>20,578</u> | <u>32,331</u> | <u>(11,753)</u> | <u>-36.4%</u> |
| TOTAL NONOPERATING REVENUE (EXPENSE) | <u>21,578</u> | <u>(61,524)</u> | <u>83,102</u> | <u>-135.1%</u> |
| Loss before capital grant | (156,424) | (75,483) | (80,941) | -107.2% |
| Capital fund grant | <u>564,017</u> | <u>431,407</u> | <u>132,610</u> | <u>30.7%</u> |
| CHANGE IN NET ASSETS | <u>\$ 407,593</u> | <u>\$ 355,924</u> | <u>\$ 51,669</u> | <u>14.5%</u> |

The details of the changes are explained in the Results of Operations section.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued
Year ended September 30, 2010

RESULTS OF OPERATIONS

Change in net assets for the year ended September 30, 2010 was \$407,593 compared to \$355,924 for the year ended September 30, 2009.

Revenues of the Authority's activities are generated principally from HUD operating subsidies. In 2010, the Authority's revenues from its activities totaled \$2,164,281. Of this total, \$1,302,881, or 60.2%, was from HUD funding. Operating expense of the Authority's activities consist primarily of maintenance and operations, depreciation, administration and housing assistance payments. The total expenses are \$1,767,688, of which \$252,788, or 14.5%, were housing assistance payments.

CAPITAL ASSETS

At September 30, 2010, the Authority has approximately \$5 million invested in a variety of capital assets reflected in the following schedule, which represents an increase of \$176,330 (net of depreciation) from the preceding year.

| | <u>2010</u> | <u>2009</u> |
|---|---------------------|---------------------|
| Land | \$ 1,217,739 | \$ 1,217,739 |
| Buildings | 9,649,983 | 8,918,872 |
| Furniture, equipment and machinery - dwellings | 456,649 | 424,955 |
| Furniture, equipment and machinery - administration | 24,601 | 21,208 |
| Construction in progress | <u>163,151</u> | <u>351,651</u> |
| Total property and equipment | 11,512,123 | 10,934,425 |
| Less accumulated depreciation | <u>(6,044,682)</u> | <u>(5,643,312)</u> |
| Property and equipment, net | <u>\$ 5,467,441</u> | <u>\$ 5,291,113</u> |

Additions consisted primarily of capital improvements to the Authority's public housing units and were supported largely through capital fund grants.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report should be addressed to the following address:

The Housing Authority of the City of Charlestown
Attn: Executive Director
200 Jennings Street
Charlestown, IN 47111

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

STATEMENT OF NET ASSETS-PROPRIETARY FUND
September 30, 2010

ASSETS

CURRENT ASSETS

| | | |
|--|----|-----------|
| Cash and cash equivalents - unrestricted | \$ | 783,254 |
| Cash and cash equivalents - restricted | | 48,345 |
| Certificates of deposit | | 1,372,135 |
| Accounts receivable - tenants | | 7,098 |
| Inventory - materials and supplies | | 3,123 |
| Other assets | | 41,770 |

TOTAL CURRENT ASSETS 2,255,725

PROPERTY AND EQUIPMENT

| | | |
|---|--|-------------|
| Land | | 1,217,739 |
| Buildings | | 9,649,983 |
| Furniture, equipment and machinery - dwellings | | 456,649 |
| Furniture, equipment and machinery - administration | | 24,601 |
| Construction in progress | | 163,151 |
| Total property and equipment | | 11,512,123 |
| Less accumulated depreciation | | (6,044,682) |

PROPERTY AND EQUIPMENT, NET 5,467,441

TOTAL ASSETS \$ 7,723,166

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | | |
|-------------------------------------|----|---------|
| Accounts payable | \$ | 16,722 |
| Accounts payable - other government | | 57,956 |
| Accrued compensated absences | | 136,801 |
| Security deposits | | 35,332 |
| Deferred revenues | | 5,627 |

TOTAL CURRENT LIABILITIES 252,438

NET ASSETS

| | | |
|----------------------------|--|-----------|
| Invested in capital assets | | 5,467,441 |
| Unrestricted net assets | | 1,954,942 |
| Restricted net assets | | 48,345 |

TOTAL NET ASSETS 7,470,728

TOTAL LIABILITIES AND NET ASSETS \$ 7,723,166

See notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS-PROPRIETARY FUND
September 30, 2010

OPERATING REVENUE

| | |
|--------------------------|---------------|
| Tenant revenue | \$ 806,313 |
| HUD PHA operating grants | 738,864 |
| Other revenue | <u>32,901</u> |

TOTAL OPERATING REVENUE 1,578,078

OPERATING EXPENSES

| | |
|-------------------------------------|----------------|
| Administration | 318,658 |
| Tenant service | 10,108 |
| Utilities | 233,101 |
| Ordinary maintenance and operations | 377,994 |
| Protective services | 13,000 |
| Insurance premiums | 57,225 |
| Other general expenses | 68,355 |
| Housing assistance payments | 252,788 |
| Depreciation | <u>424,851</u> |

TOTAL OPERATING EXPENSES 1,756,080

Operating loss (178,002)

NONOPERATING REVENUE

| | |
|--|---------------|
| Gain on disposal of property and equipment | 1,000 |
| Interest and investment revenue | <u>20,578</u> |

TOTAL NONOPERATING REVENUE 21,578

Loss before capital grant (156,424)

Capital fund grant 564,017

CHANGE IN NET ASSETS 407,593

NET ASSETS, BEGINNING OF YEAR 7,063,135

NET ASSETS, END OF YEAR \$ 7,470,728

See notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
for year ended September 30, 2010

OPERATING ACTIVITIES

| | |
|---|------------------|
| Cash received from tenant | \$ 801,459 |
| HUD PHA grants | 750,892 |
| Other cash received | <u>32,901</u> |
| | <u>1,585,252</u> |
| | |
| Administrative expenses | 338,308 |
| Tenant service | 10,108 |
| Utilities | 239,309 |
| Ordinary maintenance and operating | 386,484 |
| Protective services | 13,000 |
| Insurance premiums | 58,322 |
| Other general expenses | 60,254 |
| Housing assistance payments | <u>252,788</u> |
| | <u>1,358,573</u> |
| | |
| Net cash provided by operating activities | <u>226,679</u> |

CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|------------------|
| Capital grant receipts | 564,017 |
| Proceeds from sale of property and equipment | 1,000 |
| Purchase of property and equipment | <u>(601,179)</u> |
| | |
| Net cash used by capital and related financing activities | <u>(36,162)</u> |

INVESTING ACTIVITIES

| | |
|--|------------------|
| Interest earned | 20,578 |
| Purchase of certificates of deposit, net | <u>(261,746)</u> |
| | |
| Net cash used by investing activities | <u>(241,168)</u> |

Net decrease in cash and cash equivalents (50,651)

OPERATING CASH AND CASH EQUIVALENTS

| | |
|-------------------|-------------------|
| Beginning of year | <u>882,250</u> |
| End of year | <u>\$ 831,599</u> |

OPERATING ACTIVITIES

| | |
|--|-------------------|
| Operating loss | \$ (178,002) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation expense | 424,851 |
| Collection losses | 10,399 |
| (Increase) in: | |
| Accounts receivable - tenants | (14,548) |
| Accounts receivable - HUD | 12,028 |
| Inventory - materials and supplies | (868) |
| Other assets | (1,097) |
| Increase (decrease) in: | |
| Accounts payable | (27,706) |
| Accounts payable - other government | 8,101 |
| Accrued compensated absences | (5,774) |
| Security deposits | 981 |
| Deferred revenue | <u>(1,686)</u> |
| | |
| Net cash provided by operating activities | <u>\$ 226,679</u> |

* Cash reconciliation as reported on the Statement of Net Assets-Proprietary Fund:

| | |
|--|-------------------|
| Cash and cash equivalents - unrestricted | \$ 783,254 |
| Cash and cash equivalents - restricted | <u>48,345</u> |
| | <u>\$ 831,599</u> |

See notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Housing Authority of Charlestown (the "Authority") is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Authority, a nonprofit organization, is organized under the laws of the State of Indiana for the purpose of engaging in the development and administration of low-rent housing programs. The Authority owns and operates 250 public housing units and administers 70 Section 8 Housing Choice Voucher units under an Annual Contributions Contract 2050-V in Charlestown, Indiana.

Reporting Entity

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Charlestown (the City) and concluded that the City does not maintain an oversight responsibility for the Authority's operations. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget; is not entitled to any surplus funds generated by the Authority's operations; and is not responsible for any deficits incurred by the Authority. Consequently, in accordance with the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of the City of Charlestown is a separate reporting entity.

Basis of Presentation

All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that require that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designated to recover its costs.

In accordance with Governmental Accounting Standards Board (GASB), the Authority's proprietary funds follow all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with or contradict a GASB pronouncement.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis of accounting.

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

Cash Equivalents

The Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at September 30, 2010.

Allowance for Doubtful Accounts

The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. Management has determined that no allowance for doubtful accounts was required at September 30, 2010.

Inventories

Inventories, consisting of materials and supplies, are stated at the lower of cost or market, reported on a first-in, first-out basis.

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred; renewals or betterments are capitalized. Gain or loss on retirements and disposition of assets is credited or charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts.

Depreciation is provided on the basis of the estimated useful lives of the assets using the straight-line method. The estimated useful lives are 10 - 39 years for building and improvements and 5 - 7 years for building equipment, furniture, maintenance equipment and miscellaneous assets.

Revenue and Expenses

Revenue is recorded as earned and expenses are charged against such revenue as incurred without regard to the date of receipt or payment of cash.

Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 885, *Subsequent Events*, the Authority has evaluated events and transactions for potential recognition or disclosure through April 20, 2011, the date the financials were available to be issued.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—CASH DEPOSITS

In March 2003, the GASB issued Statement No. 40 "Deposits and Investment Risk Disclosures," which is effective for periods beginning after June 15, 2004. Risk disclosures in previous financial statements (under the provisions of GASB Statement No. 3) focused only on custodial credit risk. GASB Statement No. 40 not only addresses custodial credit risk but other common areas of investment risk as well, including interest rate risk, credit risk, and concentration of credit risk.

A. Custodial Credit Risk

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Authority may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. Statutes authorize the Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities. All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered in full by the State of Indiana Public Deposit Insurance Fund.

B. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The Authority's investment policy limits investments to provide the optimum return on the investment consistent with the cash management program of the Authority.

Investments are made based upon prevailing market conditions at the time of the transaction. The Authority reviews its cash and investment needs in order to maintain adequate liquidity to meet its cash flow needs. Investments will typically be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the Authority.

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely and (c) reasonable action is taken to control any adverse developments. The Authority's investment policy requires investment in instruments authorized by HUD Notice PIH 95-27.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—CASH DEPOSITS—Continued

D. Concentration of Credit Risk

The Authority's investment policy requires diversification of the overall portfolio to eliminate the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer and/or a specific class of securities.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect fair value of an investment or a deposit. All of the Authority's deposits and investments are denominated in United States currency.

The carrying value of cash and cash equivalents and certificates of deposit owned at September 30, 2010 was \$831,599 and \$1,372,135, respectively. The bank balance of cash and cash equivalents and certificates of deposit owned at September 30, 2010 was \$836,202 and \$1,372,135, respectively.

NOTE 3—FAIR VALUE MEASUREMENTS

Accounting standards for fair value measurements (ASC820) establish a comprehensive framework for measuring fair value and expand required disclosures concerning fair value measurements. Specifically, the standards sets forth a definition of fair value and establish a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs.

The standard defines levels within the hierarchy of inputs as follows:

Level 1 – Unadjusted quoted prices for identical assets and liabilities in active markets

Level 2 – Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Fair values of financial assets measured on a recurring basis at September 30, 2010 consisted of the following:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|-------------------------|---------------------|---------------------|----------------|----------------|
| Certificates of Deposit | <u>\$ 1,372,135</u> | <u>\$ 1,372,135</u> | <u>\$ -</u> | <u>\$ -</u> |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 4—PROPERTY AND EQUIPMENT

The following is the detailed transactions of property and equipment during the year ended September 30, 2010:

| | Balance at 10/01/09 | Additions | Disposals | Transfers | Balance at 09/30/10 |
|-----------------------------------|------------------------|-------------------|-------------|-------------|------------------------|
| Land | \$ 1,217,739 | \$ - | \$ - | \$ - | \$ 1,217,739 |
| Buildings | 8,918,872 | 9,903 | - | 721,208 | 9,649,983 |
| Dwelling equipment | 424,955 | 23,867 | (23,481) | 31,308 | 456,649 |
| Office furniture and equipment | 21,208 | 3,393 | - | - | 24,601 |
| Construction in progress | 351,651 | 564,016 | - | (752,516) | 163,151 |
| | 10,934,425 | 601,179 | (23,481) | - | 11,512,123 |
| Less accumulated depreciation | (5,643,312) | (424,851) | 23,481 | - | (6,044,682) |
| | <u>\$ 5,291,113</u> | <u>\$ 176,328</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,467,441</u> |

Total depreciation expense for the year ended September 30, 2010 was \$424,851.

NOTE 5—RESTRICTED NET ASSETS

In accordance with guidelines established by HUD, any housing assistance payment (HAP) budget authority provided to a housing authority in excess of actual program expenses for the same period must be maintained as restricted net assets to be used only for HAP payments incurred in the running of the Housing Choice Voucher program. Accordingly, the Authority has recorded \$48,345 as restricted net assets at September 30, 2010.

NOTE 6—RETIREMENT PLAN

The Authority contributes to a simplified employee pension plan for all of the eligible employees in the amount of 13% of wages. All employees are eligible who are at least 21 years of age and have worked at least 3 of the preceding 5 years. Contributions to the SEPP IRA are fully vested with the employees when made. Pension expense for the year ended September 30, 2010 was \$43,744.

NOTE 7—COMPENSATED ABSENCES

Regular full and part-time employees receive sick leave each year and vacation leave based upon length of employment. The vacation and sick leave benefits accumulate and can be carried forward to successive years; vacation and sick leave is also paid to employees upon termination. Accordingly, at September 30, 2010, a liability of \$136,801 has been recorded for accrued compensated absences.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 8—INCOME TAXES

The Authority has qualified with the Internal Revenue Service and the Indiana Department of Revenue as a tax-exempt organization for income tax purposes and, accordingly, there is no provision in the financial statements for federal or state income taxes. Management has determined that the application of FIN 48 has no effect on its financial statements.

NOTE 9—MAJOR FUNDING SOURCE

The Authority is substantially funded by Federal awards. Management does not anticipate any material change in funding.

NOTE 10—RISK MANAGEMENT AND CONTINGENCIES

The Authority is exposed to various risks of loss from torts, theft of, damages to, or destruction of assets, business interruption, errors or omissions, job related illnesses or injuries to employees, and natural disasters. The Authority has purchased commercial insurance to mitigate its exposure to such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductible and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of such uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements.

The Authority has received several federal grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended September 30, 2010

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenditures</u> |
|---|------------------------------------|---------------------------------|
| U.S. Department of Housing and Urban Development: | | |
| Low Rent Public Housing | 14.850 | \$ 409,478 |
| Section 8 Housing Choice Vouchers | 14.871 | 286,386 |
| Cluster: | | |
| ARRA – Formula Capital Fund Stimulus Grant | 14.885 | 400,865 |
| Public Housing Capital Fund Program | 14.872 | <u>206,152</u> |
| | | <u>\$1,302,881</u> |

Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended September 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Housing Authority of the City of Charlestown (the "Authority").
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Authority were disclosed during the audit.
4. Two significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Authority expresses an unqualified opinion.
6. The audit disclosed no audit findings relating to major federal award programs for the Authority which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:

| <u>Description</u> | <u>Federal CFDA No.</u> |
|---|-----------------------------|
| Section 8 Housing Choice Vouchers Cluster: | 14.871 |
| Public Housing Capital Fund Program | 14.872 |
| ARRA – Formula Capital Fund Stimulus Grant | 14.885 |

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Authority was determined to be a low-risk auditee.

B. FINDINGS—FINANCIAL STATEMENTS AUDIT

None.

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
for the year ended September 30, 2010

C. FINDING—MAJOR FEDERAL AWARD PROGRAMS AUDIT

Item 2010-01 CFDA 14.871 Housing Choice Voucher Program; CFDA 14.872 Public Housing Capital Fund Program; CFDA 14.885 ARRA - Formula Capital Fund Stimulus Grant – Reporting – Significant Deficiency

Condition: The Authority is required to submit its unaudited financial statements, prepared in accordance with generally accepted accounting principles, in the electronic format specified by HUD within 2 months after the Authority's fiscal year end.

Questioned costs: None.

Criteria: The electronic submission of the unaudited financial statements as of and for the year ended September 30, 2010, was made January 10, 2011.

Effect: The Authority's financial statements were not submitted timely.

Recommendation: We recommend management review its controls over financial reporting to ensure all reports are submitted timely.

Management's Response (Corrective Action Plan): This issue revealed a failure in Charlestown Housing Authority internal controls which provides assurance regarding reliability of financial information and records, effectiveness of CHA operations, proper execution of management's objectives and compliance with HUD regulations.

The segregation of management duties has been reviewed and will not be an issue in the future.

Contact Person: Ms. Henriette Bolly, Executive Director, 812-256-6311

Target Completion Date: January 2011

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
for the year ended September 30, 2010

C. FINDING—MAJOR FEDERAL AWARD PROGRAMS AUDIT—Continued

Item 2010-02 CFDA 14.871 Housing Choice Voucher Program - Eligibility – Significant Deficiency

Condition: Four of the Housing Choice Voucher tenant files reviewed did not contain a signed declaration of United States citizenship or eligible immigration status.

Questioned costs: Could not be determined

Criteria: The Authority is required to obtain from all applicants signed documentation of citizenship or immigration status.

Effect: Housing Choice Voucher tenant files did not contain complete documentation.

Recommendation: We recommend management implement a review process to ensure all files contain the required documentation.

Management's Response (Corrective Action Plan): During review of Housing Choice Voucher Program participant files, this required document was overlooked in four files. A new file checklist has been initiated and will be adhered to.

Contact Person: Ms. Henriette Bolly, Executive Director, 812-256-6311

Target Completion Date: April 2011

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
Charlestown, Indiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended September 30, 2010

None



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
The Housing Authority of the City of Charlestown
Charlestown, Indiana 47111

We have audited the financial statements of the Housing Authority of the City of Charlestown (the "Authority") as of and for the year ended September 30, 2010, and have issued our report thereon dated April 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Commissioners, management, specific legislative or regulatory bodies and federal awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

McCauley, Nicolas & Company, LLC

McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
April 20, 2011



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
The Housing Authority of
the City of Charlestown
Charlestown, Indiana 47111

Compliance

We have audited the compliance of the Housing Authority of the City of Charlestown (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have direct and material effect on each of its major federal programs for the year ended September 30, 2010. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questions costs as items 2010-01 and 2010-02.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-02. 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.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the responses of the Authority and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Commissioners, management, specific legislative or regulatory bodies and federal awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

McCauley, Nicolas & Company, LLC

McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
April 20, 2011



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Board of Commissioners
The Housing Authority of
the City of Charlestown
Charlestown, Indiana 47111

We have performed the procedure described in the second paragraph, which was agreed to by the Housing Authority of the City of Charlestown (the Housing 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 included within the OMB Circular A-133 reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with the 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 documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, for the Housing Authority as of and for the year ended September 30, 2010, and have issued our reports thereon dated April 20, 2011. 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 Financial Data Schedule (FDS) dated April 20, 2011, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package required by OMB Circular A-133, which includes the auditors' reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. 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.

McCauley, Nicolas & Company, LLC

McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
June 30, 2011

**ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURE**

| | | | | DOES NOT |
|-----------|--|---|--------|-------------|
| | UFRS RULE | HARD COPY | | |
| PROCEDURE | INFORMATION | DOCUMENT(S) | AGREES | AGREE |
| 1 | Balance Sheet and Revenue and Expense (data line items 111 to 13901) | Financial Data Schedule, all CFDAs, if applicable | X | |
| 2 | Footnotes (data element G5000-010) | Footnotes to audited basic financial statements | X | |
| 3 | Type of opinion on FDS (data element G3100-040) | Auditor's supplemental report on FDS | X | |
| 4 | Audit Findings Narrative (data element G5200-010) | Schedule of Findings and Questioned Costs | X | |
| 5 | General information (data element series G2000, G2100, G2200, G9000, G9100) | OMB Data Collection Form* | X | |
| 6 | Financial statement report information (data element G3000-010 to G3000-050) | Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form* | X | |
| 7 | Federal program report information (data element G4000-020 to G4000-040) | Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form* | X | |
| 8 | Type of Compliance Requirement (G4200-020 & G4000-030) | OMB Data Collection Form* | X | |
| 9 | Basic financial statements and auditor reports required to be submitted electronically | Basic financial statements (inclusive of auditor reports) | X | |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
 Charlestown, Indiana
 Financial Data Submission Summary
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing Compr ehensive Grant Program | 14.885 Formula Capital Fund Stimulus Grant | COCC | Subtotal | ELIM | Total |
|---|---------------|--------------------------------|--|--|------------|--------------|------------|--------------|
| 111 Cash - Unrestricted | \$ 457,193 | \$ 65,136 | \$ - | \$ - | \$ 225,593 | \$ 747,922 | \$ - | \$ 747,922 |
| 112 Cash - Restricted - Modernization and Development | - | - | - | - | - | - | - | - |
| 113 Cash - Other Restricted | - | 48,345 | - | - | - | 48,345 | - | 48,345 |
| 114 Cash - Tenant Security Deposits | 35,332 | - | - | - | - | 35,332 | - | 35,332 |
| 115 Cash - Restricted for Payment of Current Liabilities | - | - | - | - | - | - | - | - |
| 100 Total Cash | 492,525 | 113,481 | - | - | 225,593 | 831,599 | - | 831,599 |
| 121 Accounts Receivable - PHA Projects | - | - | - | - | - | - | - | - |
| 122 Accounts Receivable - HUD Other Projects | - | - | - | - | - | - | - | - |
| 124 Accounts Receivable - Other Government | - | - | - | - | - | - | - | - |
| 125 Accounts Receivable - Miscellaneous | - | - | - | - | - | - | - | - |
| 126 Accounts Receivable - Tenants | 7,098 | - | - | - | - | 7,098 | - | 7,098 |
| 126.1 Allowance for Doubtful Accounts - Tenants | - | - | - | - | - | - | - | - |
| 126.2 Allowance for Doubtful Accounts - Other | - | - | - | - | - | - | - | - |
| 127 Notes, Loans, & Mortgages Receivable - Current | - | - | - | - | - | - | - | - |
| 128 Fraud Recovery | - | - | - | - | - | - | - | - |
| 128.1 Allowance for Doubtful Accounts - Fraud | - | - | - | - | - | - | - | - |
| 129 Accrued Interest Receivable | - | - | - | - | - | - | - | - |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | 7,098 | - | - | - | - | 7,098 | - | 7,098 |
| 131 Investments - Unrestricted | 1,311,847 | 60,288 | - | - | - | 1,372,135 | - | 1,372,135 |
| 132 Investments - Restricted | - | - | - | - | - | - | - | - |
| 135 Investments - Restricted for Payment of Current Liability | - | - | - | - | - | - | - | - |
| 142 Prepaid Expenses and Other Assets | 35,400 | - | - | - | 6,370 | 41,770 | - | 41,770 |
| 143 Inventories | 3,125 | - | - | - | - | 3,125 | - | 3,125 |
| 143.1 Allowance for Obsolete Inventories | (2) | - | - | - | - | (2) | - | (2) |
| 144 Inter Program Due From | - | - | - | - | 7,574 | 7,574 | (7,574) | - |
| 145 Assets Held for Sale | - | - | - | - | - | - | - | - |
| 150 Total Current Assets | 1,849,993 | 173,769 | - | - | 239,537 | 2,263,299 | (7,574) | 2,255,725 |
| 161 Land | 1,199,956 | - | 17,783 | - | - | 1,217,739 | - | 1,217,739 |
| 162 Buildings | 8,856,220 | - | 793,763 | - | - | 9,649,983 | - | 9,649,983 |
| 163 Furniture, Equipment & Machinery - Dwellings | 456,649 | - | - | - | - | 456,649 | - | 456,649 |
| 164 Furniture, Equipment & Machinery - Administration | - | 1,966 | - | - | 22,635 | 24,601 | - | 24,601 |
| 165 Leasehold Improvements | - | - | - | - | - | - | - | - |
| 166 Accumulated Depreciation | (5,739,876) | (1,966) | (296,796) | - | (6,044) | (6,044,682) | - | (6,044,682) |
| 167 Construction in Progress | 163,151 | - | - | - | - | 163,151 | - | 163,151 |
| 168 Infrastructure | - | - | - | - | - | - | - | - |
| 160 Total Capital Assets, Net of Accumulated Depreciation | 4,936,100 | - | 514,750 | - | 16,591 | 5,467,441 | - | 5,467,441 |
| 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 | 4,936,100 | - | 514,750 | - | 16,591 | 5,467,441 | - | 5,467,441 |
| 190 Total Assets | \$ 6,786,093 | \$ 173,769 | \$ 514,750 | \$ - | \$ 256,128 | \$ 7,730,740 | \$ (7,574) | \$ 7,723,166 |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
 Charlestown, Indiana
 Financial Data Submission Summary
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing Comprehensive Grant Program | 14.885 Formula Capital Fund Stimulus Grant | COCC | Subtotal | ELIM | Total |
|---|---------------|--------------------------------|---|--|------------|--------------|------------|--------------|
| 311 Bank Overdraft | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 312 Accounts Payable <= 90 Days | 16,377 | - | - | - | 345 | 16,722 | - | 16,722 |
| 313 Accounts Payable >90 Days Past Due | - | - | - | - | - | - | - | - |
| 321 Accrued Wage/Payroll Taxes Payable | - | - | - | - | - | - | - | - |
| 322 Accrued Compensated Absences - Current Portion | 99,396 | - | - | - | 37,405 | 136,801 | - | 136,801 |
| 324 Accrued Contingency Liability | - | - | - | - | - | - | - | - |
| 325 Accrued Interest Payable | - | - | - | - | - | - | - | - |
| 331 Accounts Payable - HUD PHA Programs | - | - | - | - | - | - | - | - |
| 332 Account Payable - PHA Projects | - | - | - | - | - | - | - | - |
| 333 Accounts Payable - Other Government | 57,956 | - | - | - | - | 57,956 | - | 57,956 |
| 341 Tenant Security Deposits | 35,332 | - | - | - | - | 35,332 | - | 35,332 |
| 342 Deferred Revenues | 5,627 | - | - | - | - | 5,627 | - | 5,627 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | - | - | - | - | - | - | - | - |
| 344 Current Portion of Long-term Debt - Operating Borrowings | - | - | - | - | - | - | - | - |
| 345 Other Current Liabilities | - | - | - | - | - | - | - | - |
| 346 Accrued Liabilities - Other | - | - | - | - | - | - | - | - |
| 347 Inter Program - Due To | 966 | 6,608 | - | - | - | 7,574 | (7,574) | - |
| 348 Loan Liability - Current | - | - | - | - | - | - | - | - |
| 310 Total Current Liabilities | 215,654 | 6,608 | - | - | 37,750 | 260,012 | (7,574) | 252,438 |
| 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 | - | - | - | - | - | - | - | - |
| 350 Total Non-Current Liabilities | - | - | - | - | - | - | - | - |
| 300 Total Liabilities | 215,654 | 6,608 | - | - | 37,750 | 260,012 | (7,574) | 252,438 |
| 508.1 Invested in Capital Assets, Net of Related Debt | 4,938,100 | - | 514,750 | - | 16,591 | 5,467,441 | - | 5,467,441 |
| 509.2 Fund Balance Reserved | - | - | - | - | - | - | - | - |
| 511.2 Unreserved, Designated Fund Balance | - | - | - | - | - | - | - | - |
| 511.1 Restricted Net Assets | - | 48,345 | - | - | - | 48,345 | - | 48,345 |
| 512.1 Unrestricted Net Assets | 1,634,339 | 118,816 | - | - | 201,787 | 1,954,942 | - | 1,954,942 |
| 512.2 Unreserved, Undesignated Fund Balance | - | - | - | - | - | - | - | - |
| 513 Total Equity/Net Assets | 6,570,439 | 167,161 | 514,750 | - | 218,378 | 7,470,728 | - | 7,470,728 |
| 600 Total Liabilities and Equity/Net Assets | \$ 6,786,093 | \$ 173,769 | \$ 514,750 | \$ - | \$ 296,128 | \$ 7,730,740 | \$ (7,574) | \$ 7,723,166 |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
 Charlestown, Indiana
 Financial Data Submission Summary
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Comprehen sive Grant Program | 14.885 Formula Capital Fund Stimulus Grant | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|--|--|---------|------------|-----------|------------|
| 70300 Net Tenant Rental Revenue | \$ 773,255 | \$ - | \$ - | \$ - | \$ - | \$ 773,255 | \$ - | \$ 773,255 |
| 70400 Tenant Revenue - Other | 33,058 | - | - | - | - | 33,058 | - | 33,058 |
| 70500 Total Tenant Revenue | 806,313 | - | - | - | - | 806,313 | - | 806,313 |
| 70600 HUD PHA Operating Grants | 452,478 | 286,386 | - | - | - | 738,864 | - | 738,864 |
| 70610 Capital Grants | 183,152 | - | - | 400,865 | - | 584,017 | - | 584,017 |
| 70710 Management Fee | - | - | - | - | 155,496 | 155,496 | (155,496) | - |
| 70720 Asset Management Fee | - | - | - | - | 29,920 | 29,920 | (29,920) | - |
| 70730 Book Keeping Fee | - | - | - | - | 28,133 | 28,133 | (28,133) | - |
| 70740 Front Line Service Fee | - | - | - | - | - | - | - | - |
| 70750 Other Fees | - | - | - | - | - | - | - | - |
| 70700 Total Fee Revenue | - | - | - | - | 213,549 | 213,549 | (213,549) | - |
| 70800 Other Government Grants | - | - | - | - | - | - | - | - |
| 71100 Investment Income - Unrestricted | 18,721 | 1,434 | - | - | 423 | 20,578 | - | 20,578 |
| 71200 Mortgage Interest Income | - | - | - | - | - | - | - | - |
| 71300 Proceeds from Disposition of Assets Held for Sale | - | - | - | - | - | - | - | - |
| 71310 Cost of Sale of Assets | - | - | - | - | - | - | - | - |
| 71400 Fraud Recovery | - | 4,080 | - | - | - | 4,080 | - | 4,080 |
| 71500 Other Revenue | 28,821 | - | - | - | - | 28,821 | - | 28,821 |
| 71600 Gain or Loss on Sale of Capital Assets | 1,000 | - | - | - | - | 1,000 | - | 1,000 |
| 72000 Investment Income - Restricted | - | - | - | - | - | - | - | - |
| 70000 Total Revenue | 1,470,485 | 291,900 | - | 400,865 | 213,972 | 2,377,222 | (213,549) | 2,163,673 |
| 91100 Administrative Salaries | 89,592 | 12,000 | - | - | 68,062 | 169,654 | - | 169,654 |
| 91200 Auditing Fees | 15,000 | - | - | - | - | 15,000 | - | 15,000 |
| 91300 Management Fee | 146,388 | 9,108 | - | - | - | 155,496 | (155,496) | - |
| 91310 Book-keeping Fee | 22,440 | 5,693 | - | - | - | 28,133 | (28,133) | - |
| 91400 Advertising and Marketing | - | - | - | - | 1,077 | 1,077 | - | 1,077 |
| 91500 Employee Benefit Contributions - Administrative | 28,000 | - | - | - | 22,460 | 50,460 | - | 50,460 |
| 91600 Office Expenses | 9,587 | 7,153 | - | - | 36,344 | 53,084 | - | 53,084 |
| 91700 Legal Expense | - | - | - | - | - | - | - | - |
| 91800 Travel | - | - | - | - | 508 | 508 | - | 508 |
| 91810 Allocated Overhead | - | - | - | - | - | - | - | - |
| 91900 Other | - | - | - | - | 28,875 | 28,875 | - | 28,875 |
| 91000 Total Operating - Administrative | 311,007 | 33,954 | - | - | 157,326 | 502,287 | (183,629) | 318,658 |
| 92000 Asset Management Fee | 29,920 | - | - | - | - | 29,920 | (29,920) | - |
| 92100 Tenant Services - Salaries | 6,402 | - | - | - | - | 6,402 | - | 6,402 |
| 92200 Relocation Costs | - | - | - | - | - | - | - | - |
| 92300 Employee Benefit Contributions - Tenant Services | 2,000 | - | - | - | - | 2,000 | - | 2,000 |
| 92400 Tenant Services - Other | 675 | - | - | - | 1,031 | 1,706 | - | 1,706 |
| 92500 Total Tenant Services | 9,077 | - | - | - | 1,031 | 10,108 | - | 10,108 |
| 93100 Water | 163,199 | - | - | - | 439 | 163,638 | - | 163,638 |
| 93200 Electricity | 33,056 | - | - | - | 3,636 | 36,692 | - | 36,692 |
| 93300 Gas | 30,505 | - | - | - | 2,266 | 32,771 | - | 32,771 |
| 93400 Fuel | - | - | - | - | - | - | - | - |
| 93500 Labor | - | - | - | - | - | - | - | - |
| 93600 Sewer | - | - | - | - | - | - | - | - |
| 93700 Employee Benefit Contributions - Utilities | - | - | - | - | - | - | - | - |
| 93800 Other Utilities Expense | - | - | - | - | - | - | - | - |
| 93000 Total Utilities | 226,760 | - | - | - | 6,341 | 233,101 | - | 233,101 |
| 94100 Ordinary Maintenance and Operations - Labor | 196,663 | - | - | - | - | 196,663 | - | 196,663 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 34,848 | - | - | - | 380 | 35,228 | - | 35,228 |
| 94300 Ordinary Maintenance and Operations Contracts | 68,635 | - | - | - | 10,684 | 79,319 | - | 79,319 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | 66,784 | - | - | - | - | 66,784 | - | 66,784 |
| 94000 Total Maintenance | 366,930 | - | - | - | 11,064 | 377,994 | - | 377,994 |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
 Charlestown, Indiana
 Financial Data Submission Summary
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Comprehen sive Grant Program | 14.885 Formula Capital Fund Stimulus Grant | COCC | Subtotal | ELIM | Total |
|--|---------------|-----------------------------------|--|--|---------|-----------|-----------|-----------|
| 95100 Protective Services - Labor | - | - | - | - | - | - | - | - |
| 95200 Protective Services - Other Contract Costs | 13,000 | - | - | - | - | 13,000 | - | 13,000 |
| 95300 Protective Services - Other | - | - | - | - | - | - | - | - |
| 95500 Employee Benefit Contributions - Protective Services | - | - | - | - | - | - | - | - |
| 95000 Total Protective Services | 13,000 | - | - | - | - | 13,000 | - | 13,000 |
| 96110 Property Insurance | 33,222 | - | - | - | 5,982 | 39,204 | - | 39,204 |
| 96120 Liability Insurance | 11,300 | - | - | - | 342 | 11,642 | - | 11,642 |
| 96130 Workmen's Compensation | - | - | - | - | 6,073 | 6,073 | - | 6,073 |
| 96140 All Other Insurance | 306 | - | - | - | - | 306 | - | 306 |
| 96100 Total insurance Premiums | 44,828 | - | - | - | 12,397 | 57,225 | - | 57,225 |
| 96200 Other General Expenses | - | - | - | - | - | - | - | - |
| 96210 Compensated Absences | - | - | - | - | - | - | - | - |
| 96300 Payments in Lieu of Taxes | 57,956 | - | - | - | - | 57,956 | - | 57,956 |
| 96400 Bad debt - Tenant Rents | 10,399 | - | - | - | - | 10,399 | - | 10,399 |
| 96500 Bad debt - Mortgages | - | - | - | - | - | - | - | - |
| 96600 Bad debt - Other | - | - | - | - | - | - | - | - |
| 96800 Severance Expense | - | - | - | - | - | - | - | - |
| 96000 Total Other General Expenses | 68,355 | - | - | - | - | 68,355 | - | 68,355 |
| 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 | - | - | - | - | - | - | - | - |
| 96900 Total Operating Expenses | 1,069,877 | 33,954 | - | - | 188,159 | 1,291,990 | (213,549) | 1,078,441 |
| 97000 Excess of Operating Revenue over Operating Expenses | 400,608 | 257,946 | - | 400,865 | 25,813 | 1,085,232 | - | 1,085,232 |
| 97100 Extraordinary Maintenance | - | - | - | - | - | - | - | - |
| 97200 Casualty Losses - Non-capitalized | - | - | - | - | - | - | - | - |
| 97300 Housing Assistance Payments | - | 252,788 | - | - | - | 252,788 | - | 252,788 |
| 97350 HAP Portability-In | - | - | - | - | - | - | - | - |
| 97400 Depreciation Expense | 381,866 | - | 28,865 | - | 4,120 | 424,851 | - | 424,851 |
| 97500 Fraud Losses | - | - | - | - | - | - | - | - |
| 97600 Capital Outlays - Governmental Funds | - | - | - | - | - | - | - | - |
| 97700 Debt Principal Payment - Governmental Funds | - | - | - | - | - | - | - | - |
| 97800 Dwelling Units Rent Expense | - | - | - | - | - | - | - | - |
| 90000 Total Expenses | 1,481,743 | 286,742 | 28,865 | - | 192,279 | 1,969,629 | (213,549) | 1,756,080 |
| 10010 Operating Transfer In | 43,000 | - | - | - | - | 43,000 | - | 43,000 |
| 10020 Operating transfer Out | (43,000) | - | - | - | - | (43,000) | - | (43,000) |
| 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) | - | - | - | - | - | - | - | - |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | 8,742 | 5,158 | (28,865) | 400,865 | 21,693 | 407,593 | - | 407,593 |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN
 Charlestown, Indiana
 Financial Data Submission Summary
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Comprehen sive Grant Program | 14.885 Formula Capital Fund Stimulus Grant | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|--|--|---------|-----------|------|-----------|
| 11020 Required Annual Debt Principal Payments | - | - | - | - | - | - | - | - |
| 11030 Beginning Equity | 6,160,832 | 162,003 | 543,615 | - | 196,685 | 7,063,135 | - | 7,063,135 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | 400,865 | - | - | (400,865) | - | - | - | - |
| 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 | - | 118,816 | - | - | - | 118,816 | - | 118,816 |
| 11180 Housing Assistance Payments Equity | - | 48,345 | - | - | - | 48,345 | - | 48,345 |
| 11190 Unit Months Available | 3,000 | 840 | - | - | - | 3,840 | - | 3,840 |
| 11210 Number of Unit Months Leased | 2,939 | 759 | - | - | - | 3,698 | - | 3,698 |
| 11270 Excess Cash | 1,556,660 | - | - | - | - | 1,556,660 | - | 1,556,660 |
| 11610 Land Purchases | - | - | - | - | - | - | - | - |
| 11620 Building Purchases | 564,017 | - | - | - | - | 564,017 | - | 564,017 |
| 11630 Furniture & Equipment - Dwelling Purchases | - | - | - | - | - | - | - | - |
| 11640 Furniture & Equipment - Administrative Purchases | - | - | - | - | - | - | - | - |
| 11650 Leasehold Improvements Purchases | - | - | - | - | - | - | - | - |
| 11660 Infrastructure Purchases | - | - | - | - | - | - | - | - |
| 13510 CFFP Debt Service Payments | - | - | - | - | - | - | - | - |
| 13901 Replacement Housing Factor Funds | - | - | - | - | - | - | - | - |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN

Charlestown, Indiana
Financial Data Submission Summary
Project Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | IN025000001 | IN025000002 | Total |
|---|--------------|--------------|--------------|
| 111 Cash - Unrestricted | \$ 346,685 | \$ 110,508 | \$ 457,193 |
| 112 Cash - Restricted - Modernization and Development | - | - | - |
| 113 Cash - Other Restricted | - | - | - |
| 114 Cash - Tenant Security Deposits | 21,124 | 14,208 | 35,332 |
| 115 Cash - Restricted for Payment of Current Liabilities | - | - | - |
| 100 Total Cash | 367,809 | 124,716 | 492,525 |
| 121 Accounts Receivable - PHA Projects | - | - | - |
| 122 Accounts Receivable - HUD Other Projects | - | - | - |
| 124 Accounts Receivable - Other Government | - | - | - |
| 125 Accounts Receivable - Miscellaneous | - | - | - |
| 126 Accounts Receivable - Tenants | 7,077 | 21 | 7,098 |
| 126.1 Allowance for Doubtful Accounts - Tenants | - | - | - |
| 126.2 Allowance for Doubtful Accounts - Other | - | - | - |
| 127 Notes, Loans, & Mortgages Receivable - Current | - | - | - |
| 128 Fraud Recovery | - | - | - |
| 128.1 Allowance for Doubtful Accounts - Fraud | - | - | - |
| 129 Accrued Interest Receivable | - | - | - |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | 7,077 | 21 | 7,098 |
| 131 Investments - Unrestricted | 820,727 | 491,120 | 1,311,847 |
| 132 Investments - Restricted | - | - | - |
| 135 Investments - Restricted for Payment of Current Liability | - | - | - |
| 142 Prepaid Expenses and Other Assets | 20,528 | 14,872 | 35,400 |
| 143 Inventories | 1,755 | 1,370 | 3,125 |
| 143.1 Allowance for Obsolete Inventories | (1) | (1) | (2) |
| 144 Inter Program Due From | - | - | - |
| 145 Assets Held for Sale | - | - | - |
| 150 Total Current Assets | 1,217,895 | 632,098 | 1,849,993 |
| 161 Land | 222,963 | 976,993 | 1,199,956 |
| 162 Buildings | 4,469,228 | 4,386,992 | 8,856,220 |
| 163 Furniture, Equipment & Machinery - Dwellings | 269,796 | 186,853 | 456,649 |
| 164 Furniture, Equipment & Machinery - Administration | - | - | - |
| 165 Leasehold Improvements | - | - | - |
| 166 Accumulated Depreciation | (1,912,282) | (3,827,594) | (5,739,876) |
| 167 Construction in Progress | 163,151 | - | 163,151 |
| 168 Infrastructure | - | - | - |
| 160 Total Capital Assets, Net of Accumulated Depreciation | 3,212,856 | 1,723,244 | 4,936,100 |
| 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 | 3,212,856 | 1,723,244 | 4,936,100 |
| 190 Total Assets | \$ 4,430,751 | \$ 2,355,342 | \$ 6,786,093 |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN

Charlestown, Indiana

Financial Data Submission Summary

Project Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | IN025000001 | IN025000002 | Total |
|--|--------------|--------------|--------------|
| 311 Bank Overdraft | \$ - | \$ - | \$ - |
| 312 Accounts Payable <= 90 Days | 11,780 | 4,597 | 16,377 |
| 313 Accounts Payable >90 Days Past Due | - | - | - |
| 321 Accrued Wage/Payroll Taxes Payable | - | - | - |
| 322 Accrued Compensated Absences - Current Portion | 57,437 | 41,959 | 99,396 |
| 324 Accrued Contingency Liability | - | - | - |
| 325 Accrued Interest Payable | - | - | - |
| 331 Accounts Payable - HUD PHA Programs | - | - | - |
| 332 Account Payable - PHA Projects | - | - | - |
| 333 Accounts Payable - Other Government | 36,605 | 21,351 | 57,956 |
| 341 Tenant Security Deposits | 21,124 | 14,208 | 35,332 |
| 342 Deferred Revenues | 3,075 | 2,552 | 5,627 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage | - | - | - |
| 344 Current Portion of Long-term Debt - Operating Borrowings | - | - | - |
| 345 Other Current Liabilities | - | - | - |
| 346 Accrued Liabilities - Other | - | - | - |
| 347 Inter Program - Due To | - | 966 | 966 |
| 348 Loan Liability - Current | - | - | - |
| 310 Total Current Liabilities | 130,021 | 85,633 | 215,654 |
| 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 | - | - | - |
| 350 Total Non-Current Liabilities | - | - | - |
| 300 Total Liabilities | 130,021 | 85,633 | 215,654 |
| 508.1 Invested In Capital Assets, Net of Related Debt | 3,212,856 | 1,723,244 | 4,936,100 |
| 509.2 Fund Balance Reserved | - | - | - |
| 511.2 Unreserved, Designated Fund Balance | - | - | - |
| 511.1 Restricted Net Assets | - | - | - |
| 512.1 Unrestricted Net Assets | 1,087,874 | 546,465 | 1,634,339 |
| 512.2 Unreserved, Undesignated Fund Balance | - | - | - |
| 513 Total Equity/Net Assets | 4,300,730 | 2,269,709 | 6,570,439 |
| 600 Total Liabilities and Equity/Net Assets | \$ 4,430,751 | \$ 2,355,342 | \$ 6,786,093 |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN

Charlestown, Indiana

Financial Data Submission Summary
Project Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | IN025000001 | IN025000002 | Total |
|---|-------------|-------------|------------|
| 70300 Net Tenant Rental Revenue | \$ 487,248 | \$ 286,007 | \$ 773,255 |
| 70400 Tenant Revenue - Other | 23,910 | 9,148 | 33,058 |
| 70500 Total Tenant Revenue | 511,158 | 295,155 | 806,313 |
| 70600 HUD PHA Operating Grants | 296,930 | 155,548 | 452,478 |
| 70610 Capital Grants | 163,152 | - | 163,152 |
| 70710 Management Fee | - | - | - |
| 70720 Asset Management Fee | - | - | - |
| 70730 Book Keeping Fee | - | - | - |
| 70740 Front Line Service Fee | - | - | - |
| 70750 Other Fees | - | - | - |
| 70700 Total Fee Revenue | - | - | - |
| 70800 Other Government Grants | - | - | - |
| 71100 Investment Income - Unrestricted | 10,540 | 8,181 | 18,721 |
| 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 | 20,917 | 7,904 | 28,821 |
| 71600 Gain or Loss on Sale of Capital Assets | 1,000 | - | 1,000 |
| 72000 Investment Income - Restricted | - | - | - |
| 70000 Total Revenue | 1,003,697 | 466,788 | 1,470,485 |
| 91100 Administrative Salaries | 67,160 | 22,432 | 89,592 |
| 91200 Auditing Fees | 8,700 | 6,300 | 15,000 |
| 91300 Management Fee | 85,495 | 60,893 | 146,388 |
| 91310 Book-keeping Fee | 13,110 | 9,330 | 22,440 |
| 91400 Advertising and Marketing | - | - | - |
| 91500 Employee Benefit contributions - Administrative | 20,000 | 8,000 | 28,000 |
| 91600 Office Expenses | 3,879 | 5,708 | 9,587 |
| 91700 Legal Expense | - | - | - |
| 91800 Travel | - | - | - |
| 91810 Allocated Overhead | - | - | - |
| 91900 Other | - | - | - |
| 91000 Total Operating - Administrative | 198,344 | 112,663 | 311,007 |
| 92000 Asset Management Fee | 17,480 | 12,440 | 29,920 |
| 92100 Tenant Services - Salaries | 3,713 | 2,689 | 6,402 |
| 92200 Relocation Costs | - | - | - |
| 92300 Employee Benefit Contributions - Tenant Services | 1,000 | 1,000 | 2,000 |
| 92400 Tenant Services - Other | 241 | 434 | 675 |
| 92500 Total Tenant Services | 4,954 | 4,123 | 9,077 |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN

Charlestown, Indiana

Financial Data Submission Summary
Project Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | IN025000001 | IN025000002 | Total |
|---|----------------|----------------|------------------|
| 93100 Water | 132,953 | 30,246 | 163,199 |
| 93200 Electricity | 7,450 | 25,606 | 33,056 |
| 93300 Gas | 4,709 | 25,796 | 30,505 |
| 93400 Fuel | - | - | - |
| 93500 Labor | - | - | - |
| 93600 Sewer | - | - | - |
| 93700 Employee Benefit Contributions - Utilities | - | - | - |
| 93800 Other Utilities Expense | - | - | - |
| 93000 Total Utilities | <u>145,112</u> | <u>81,648</u> | <u>226,760</u> |
| 94100 Ordinary Maintenance and Operations - Labor | 123,421 | 73,242 | 196,663 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 21,568 | 13,280 | 34,848 |
| 94300 Ordinary Maintenance and Operations Contracts | 38,055 | 30,580 | 68,635 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | 41,543 | 25,241 | 66,784 |
| 94000 Total Maintenance | <u>224,587</u> | <u>142,343</u> | <u>366,930</u> |
| 95100 Protective Services - Labor | - | - | - |
| 95200 Protective Services - Other Contract Costs | 7,540 | 5,460 | 13,000 |
| 95300 Protective Services - Other | - | - | - |
| 95500 Employee Benefit Contributions - Protective Services | - | - | - |
| 95000 Total Protective Services | <u>7,540</u> | <u>5,460</u> | <u>13,000</u> |
| 96110 Property Insurance | 22,036 | 11,186 | 33,222 |
| 96120 Liability Insurance | 5,954 | 5,346 | 11,300 |
| 96130 Workmen's Compensation | - | - | - |
| 96140 All Other Insurance | - | 306 | 306 |
| 96100 Total insurance Premiums | <u>27,990</u> | <u>16,838</u> | <u>44,828</u> |
| 96200 Other General Expenses | - | - | - |
| 96210 Compensated Absences | - | - | - |
| 96300 Payments in Lieu of Taxes | 36,605 | 21,351 | 57,956 |
| 96400 Bad debt - Tenant Rents | 8,563 | 1,836 | 10,399 |
| 96500 Bad debt - Mortgages | - | - | - |
| 96600 Bad debt - Other | - | - | - |
| 96800 Severance Expense | - | - | - |
| 96000 Total Other General Expenses | <u>45,168</u> | <u>23,187</u> | <u>68,355</u> |
| 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 | <u>-</u> | <u>-</u> | <u>-</u> |
| 96900 Total Operating Expenses | <u>671,175</u> | <u>398,702</u> | <u>1,069,877</u> |
| 97000 Excess of Operating Revenue over Operating Expenses | 332,522 | 68,086 | 400,608 |

THE HOUSING AUTHORITY OF THE CITY OF CHARLESTOWN

Charlestown, Indiana

Financial Data Submission Summary
Project Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/30/2010

| | IN025000001 | IN025000002 | Total |
|--|-------------|-------------|-----------|
| 97100 Extraordinary Maintenance | - | - | - |
| 97200 Casualty Losses - Non-capitalized | - | - | - |
| 97300 Housing Assistance Payments | - | - | - |
| 97350 HAP Portability-In | - | - | - |
| 97400 Depreciation Expense | 196,851 | 195,015 | 391,866 |
| 97500 Fraud Losses | - | - | - |
| 97600 Capital Outlays - Governmental Funds | - | - | - |
| 97700 Debt Principal Payment - Governmental Funds | - | - | - |
| 97800 Dwelling Units Rent Expense | - | - | - |
| 90000 Total Expenses | 868,026 | 593,717 | 1,461,743 |
| 10010 Operating Transfer In | 24,940 | 18,060 | 43,000 |
| 10020 Operating transfer Out | (24,940) | (18,060) | (43,000) |
| 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) | - | - | - |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total | 135,671 | (126,929) | 8,742 |
| 11020 Required Annual Debt Principal Payments | - | - | - |
| 11030 Beginning Equity | 3,764,194 | 2,396,638 | 6,160,832 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of | 400,865 | - | 400,865 |
| 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 | - | - | - |
| 11180 Housing Assistance Payments Equity | - | - | - |
| 11190 Unit Months Available | 1,752 | 1,248 | 3,000 |
| 11210 Number of Unit Months Leased | 1,714 | 1,225 | 2,939 |
| 11270 Excess Cash | 1,009,661 | 546,999 | 1,556,660 |
| 11610 Land Purchases | - | - | - |
| 11620 Building Purchases | 564,017 | - | 564,017 |
| 11630 Furniture & Equipment - Dwelling Purchases | - | - | - |
| 11640 Furniture & Equipment - Administrative Purchases | - | - | - |
| 11650 Leasehold Improvements Purchases | - | - | - |
| 11660 Infrastructure Purchases | - | - | - |
| 13510 CFFP Debt Service Payments | - | - | - |
| 13901 Replacement Housing Factor Funds | - | - | - |