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June 6, 2014

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

We have reviewed the audit report prepared by Sailor, Khan & Co., LLC, Independent Public Accountants, for the period July 1, 2008 to June 30, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the New Castle Housing Authority, as of June 30, 2009 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

NEW CASTLE HOUSING AUTHORITY
NEW CASTLE, INDIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
AND
REPORTS ON COMPLIANCE AND
ON INTERNAL CONTROL

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
New Castle Housing Authority
New Castle, Indiana

We have audited the accompanying basic financial statements of the New Castle Housing Authority, Indiana, (Authority) as of and for the year ended June 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

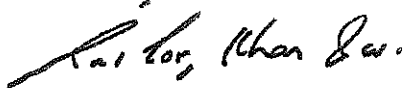
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the New Castle Housing Authority, Indiana, as of June 30, 2009, and the changes in its financial position and its cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



Sailor, Khan & Co. LLC
February 11, 2010

New Castle Housing Authority

Management's Discussion and Analysis (MD&A)

June 30, 2009

(Unaudited)

The management of the New Castle Housing Authority (PHA) offers this narrative overview and analysis of its audited financial statements for fiscal year ended June 30, 2009. The goal is for the reader to better understand the Authority's financial activities and its overall financial position and to show whether current year revenues covered current year expenses and the extent to which the Authority has invested its capital assets. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS:

- The assets of the PHA exceed its liabilities as of June 30, 2009 by \$4,417,436 (Net Assets).
- The PHA's investment in Capital Assets, net of related debt as of June 30, 2009 was \$4,048,043.
- The PHA's total revenue and contributions for the fiscal year end June 30, 2009 was \$2,240,515.
- The PHA's total expenses for the fiscal year end June 30, 2009 was \$2,036,904. Therefore, the PHA's revenues and contributions exceed its expenses by \$203,611.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The following financial statements are included in this report:

- Statement of Net Assets - reports the Authority's current financial resources: its cash and other current assets, current and non-current liabilities and comparing those two elements, the resulting net assets of the PHA. A comparison between this year and the preceding year is also provided.
- Statement of Revenue and Expenses and Change in Net Assets - reports the PHA's various revenue and expenses and provides a comparison between this year and the preceding year.

ANALYSIS OF FINANCIAL STATEMENTS:

Statements of Net Assets June 30,

	2009	2008	Dollar Change	Percent Change
Current and other assets	\$ 353,889	\$ 353,618	\$ 271	0.1%
Restricted assets	105,277	39,194	66,083	168.6%
Capital assets	4,187,708	4,060,447	127,261	3.1%
Total Assets	<u>4,646,874</u>	<u>4,453,259</u>	<u>193,615</u>	4.3%
Current liabilities	102,811	97,647	5,164	5.3%
Noncurrent liabilities	126,627	141,640	(15,013)	-10.6%
Total Liabilities	<u>229,438</u>	<u>239,287</u>	<u>(9,849)</u>	-4.1%
Net Assets				
Invested in capital assets, net of related debt	4,048,043	3,908,088	139,955	3.6%
Restricted for HAP	105,277	39,194	66,083	168.6%
Unrestricted	264,116	266,690	(2,574)	-1.0%
Total Net Assets	<u>\$ 4,417,436</u>	<u>\$ 4,213,972</u>	<u>\$ 203,464</u>	4.8%

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

ANALYSIS OF FINANCIAL STATEMENTS (CONTINUED):

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the previous page, assets exceeded liabilities by \$4,417,436 at the close of the year ended June 30, 2009 up from \$4,213,972 in 2008. The increase in net assets of \$203,464 was due to the gain in change in net assets for the year and a prior period adjustments.

The unrestricted net assets were \$264,116 as of June 30, 2009. This amount may be used to meet the Authority's ongoing obligations. The Authority had \$105,277 of net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

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

	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 333,398	\$ 307,894	\$ 25,504	8.3%
HUD operating grants	1,542,370	1,572,210	(29,840)	-1.9%
Interest income	8,068	9,446	(1,378)	-14.6%
Capital Contributions	344,615	93,548	251,067	268.4%
Gain (loss) on disposition of capital items	2,161	(152)	2,313	-1521.7%
Other income	9,903	19,639	(9,736)	-49.6%
Total Revenues and Contributions	<u>2,240,515</u>	<u>2,002,585</u>	<u>237,930</u>	11.9%
Expenses				
Personal services	410,023	398,135	11,888	3.0%
Utilities	128,916	118,348	10,568	8.9%
Operations and maintenance	77,938	79,288	(1,350)	-1.7%
Non routine maintenance	90	2,087	(1,997)	-95.7%
Insurance	48,082	43,147	4,935	11.4%
Payment in lieu of taxes	2,661	2,635	26	1.0%
Other supplies and expenses	59,348	60,135	(787)	-1.3%
Housing assistance payments	1,029,962	1,114,118	(84,156)	-7.6%
Interest expense	7,376	8,088	(712)	-8.8%
Depreciation	272,508	247,727	24,781	10.0%
Total Expenses	<u>2,036,904</u>	<u>2,073,708</u>	<u>(36,804)</u>	-1.8%
Change in net assets	203,611	(71,123)	274,734	
Beginning net assets	4,213,972	4,285,095	(71,123)	
Prior period adjustments	<u>(147)</u>	<u>---</u>	<u>(147)</u>	
Beginning net assets, adjusted	<u>4,213,825</u>	<u>4,285,095</u>	<u>(71,270)</u>	
Ending net assets	<u>\$ 4,417,436</u>	<u>\$ 4,213,972</u>	<u>\$ 203,464</u>	

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

ANALYSIS OF FINANCIAL STATEMENTS (CONTINUED):

Total revenues and contributions increased by \$237,930 due to increases in rental revenue, capital contributions, and gain on capital assets, which were partially offset by decreases in HUD operating grants, interest income and other income. The decrease in Housing and Urban Development (HUD) Operating Grants is primarily due to the decrease in operating subsidy for the Low Rent Program.

Total expenses decreased by \$36,804 due to decreases in operations and maintenance, non-routine maintenance, other supplies and expenses, housing assistance payments, and interest expenses which were partially offset by increases in personal services, utilities, insurance, payment in lieu of taxes and depreciation. The increase in personal services is due to an increase in salaries and benefits. The increase in utility expenses is due to the increase in gas rates, electricity used and sewer rates. The increase in insurance is due to increased property premiums during the current year. The decrease in housing assistance payments is due to fewer payments passed through to landlords for rent.

BUDGETARY HIGHLIGHTS:

Low Rent Public Housing (Operations Only)

The Board approved budget anticipated an operating gain of \$32,860. Actual result of operation was an operation income before depreciation of \$32,551, for a variance of \$309.

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

Capital Assets - The New Castle Housing Authority's capital assets, as of June 30, 2009 amounts to \$4,187,708 (net of accumulated depreciation). The capital assets include land, buildings, improvements, equipment and construction in progress.

<i>Capital Assets Net of Accumulated Depreciation June 30,</i>			
	2008	2008	Dollar Change
Land	\$ 917,432	\$ 917,432	\$ ---
Building	4,386,502	4,300,998	85,504
Furniture, equipment and machinery- dwelling	138,758	126,242	12,516
Furniture, equipment and machinery- administration	338,451	394,318	(55,867)
Leasehold improvements	2,000,391	1,929,771	70,620
Construction in progress	282,784	83,657	199,127
	8,064,318	7,752,418	311,900
Accumulated depreciation	3,876,610	3,691,971	184,639
Total	\$ 4,187,708	\$ 4,060,447	\$ 127,261

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

CAPITAL ASSETS & LONG-TERM DEBT ACTIVITY DURING THE YEAR (CONTINUED):

The total increase in the Authority's capital assets for the current fiscal year was \$127,261 or 3.1% in terms of net book value. Actual expenditures to purchase equipment and construct capital assets were \$403,882 for the year. The Authority has \$302,804 available in Capital Funds to draw down and spend in the future.

Debt Administration - The New Castle Housing Authority has a long-term debt in the amount of \$139,665 as of June 30, 2009. Additional information regarding the Housing Authority's long term debt can be found in note 3h of the notes to financial statements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT:

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

SECTION II
FINANCIAL STATEMENTS
AND
NOTES TO FINANCIAL STATEMENTS

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF NET ASSETS

June 30, 2009

ASSETS

Current Assets:

Cash and cash equivalents	\$	130,645.69
Investments		181,333.06
Receivable - net of allowances:		
Accounts		10,012.00
Accrued interest		806.03
Inventory - net of allowances		10,012.46
Prepaid expenses		<u>21,080.22</u>
 Total Current Assets		 <u>353,889.46</u>

Noncurrent Assets:

Restricted assets:

Cash and cash equivalents		<u>105,276.95</u>
 Total restricted assets		 <u>105,276.95</u>

Capital assets:

Land, improvements, and construction in progress		1,200,216.12
Other capital assets, net of depreciation		<u>2,987,491.97</u>

Total capital assets- net 4,187,708.09

Total Noncurrent Assets 4,292,985.04

Total Assets \$ 4,646,874.50

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2009

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 27,687.00
Accrued salaries, wages and benefits	2,808.61
Accrued compensated absences	15,430.50
Tenant security deposit liability	43,421.16
Interest payable	115.74
Current portion of long term debt	<u>13,347.49</u>

Total Current Liabilities 102,810.50

Noncurrent Liabilities:

Long term debt	126,317.34
Accrued compensated absences	<u>310.01</u>

Total Noncurrent Liabilities 126,627.35

Total Liabilities 229,437.85

NET ASSETS

Invested in capital assets, net of related debt	4,048,043.26
Restricted for:	
HAP	105,276.95
Unrestricted	<u>264,116.44</u>

Total Net Assets 4,417,436.65

Total Liabilities and Net Assets \$ 4,646,874.50

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For Year Ended June 30, 2009

Operating Revenues:

Rental revenue	\$ 333,398.01
Operating subsidies- HUD grants	1,542,370.09
Other revenues	<u>9,903.60</u>
Total operating revenues	<u>1,885,671.70</u>

Operating Expenses:

Personal services	410,023.22
Utilities	128,915.65
Operations and maintenance	77,938.28
Non routine maintenance	90.00
Insurance	48,081.89
Payment in lieu of taxes	2,661.35
Other supplies and expenses	59,347.86
Housing assistance payments	1,029,962.00
Depreciation	<u>272,507.70</u>
Total operating expenses	<u>2,029,527.95</u>
Operating income (loss)	<u>(143,856.25)</u>

Non-operating revenues (expenses):

Interest and investment earnings	8,068.05
Interest expense	(7,376.01)
Gain (Loss) on sale of fixed assets	<u>2,160.68</u>
Net non-operating revenues (expenses)	<u>2,852.72</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(141,003.53)

Capital contributions	<u>344,615.27</u>
Change in net assets	203,611.74
Net assets at beginning of year	4,213,971.84
Prior period error corrections	<u>(146.93)</u>
Net assets adjusted at beginning of year	<u>4,213,824.91</u>
Net assets at end of year	<u>\$ 4,417,436.65</u>

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF CASH FLOWS

For Year Ended June 30, 2009

Cash flows from operating activities:

Cash received from tenants	\$ 331,527.75
Cash received from HUD grants- operating	1,545,842.80
Cash received from other operating activities	8,347.34
Cash payments for goods and services	(1,344,769.58)
Cash payments to employees-salaries	(310,244.39)
Cash payments for employee benefit contributions	(102,621.16)
Cash (payments) receipts for in lieu of property taxes	<u>(2,634.84)</u>

Net cash provided (used) by operating activities 125,447.92

Cash flows from capital and related financing activities:

Capital contributions	348,973.70
Proceeds from sale of assets	2,666.60
Payments for capital assets	(403,036.18)
Principal paid on capital debt	(12,694.29)
Interest paid on capital debt	<u>(7,386.51)</u>

Net cash (used) for capital and related financing activities (71,476.68)

Cash flows from investing activities:

Proceeds from sale of (payments) for investments	17,415.39
Interest and dividends	8,578.25
Receipts (payments) from tenant security deposits	<u>1,161.94</u>

Net cash provided (used) from investing activities 27,155.58

Net increase (decrease) in cash and cash equivalents 81,126.82

Cash and cash equivalents at beginning of year 154,795.82

Cash and cash equivalents at end of year \$ 235,922.64

Cash and cash equivalents \$ 130,645.69

Restricted cash and cash equivalents 105,276.95

Total cash and cash equivalents at end of year \$ 235,922.64

Noncash Investing, Capital and Financing Activities:

Acquisition of capital assets on account \$ 846.25

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended June 30, 2009

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

Operating income (loss)	\$ (143,856.25)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	272,507.70
Allowance for doubtful accounts	(188.70)
Changes in assets and liabilities:	
Receivables	4,755.39
Inventory	(1,665.16)
Prepaid expenses	(10,413.74)
Accounts and other payables	11,671.51
Deferred revenues	(4,520.50)
Compensated absences	(3,997.67)
Accrued expenses	<u>1,155.34</u>
Net cash provided (used) by operating activities	<u>\$ 125,447.92</u>

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1b. Basis of Presentation (Continued)

Following is a description of the Authority's programs:

Program	Brief Description
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.
American Recovery and Reinvestment Act - Formula Capital Stimulus Grant	Accounts for activities of the Stimulus Grant Capital Fund which provides funds to housing authorities to modernize public housing developments with the emphasis on preservation and creation of jobs.

1c. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1c. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

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

1d. Assets, Liabilities, and Equity

Cash and Investments

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

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

Interprogram Receivables and Payables

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

Receivables

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

Inventories

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

Budgets and Budgetary Accounting

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

Estimates and Assumptions

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

Capital Assets

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

In the financial statements, capital assets purchased or acquired with an original cost of \$100 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

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

Buildings	40	years
Furniture, equipment and machinery - dwelling	10	years
Furniture, equipment and machinery - administration	3 -10	years
Leasehold improvements	5 - 15	years

Restricted Assets

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

Compensated Absences

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

Equity Classifications

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

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

1e. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

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

Interfund Transfers

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 2 - Stewardship, Compliance, and Accountability

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

2a. Program Accounting Requirements

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

Program	Required By
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development
American Recovery and Reinvestment Act - Formula Capital Stimulus Grant	U.S. Department of Housing and Urban Development

2b. Deposits and Investments Laws and Regulations

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

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

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

2c. Revenue Restrictions

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

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization
American Recovery and Reinvestment Act - Formula Capital Stimulus Grant	Modernization/Job creation

For the year ended June 30, 2009, the Authority complied, in all material respects, with these revenue restrictions.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 3 - Detail Notes on Transaction Classes/Accounts

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

3a. Cash and Investments

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or the Authority will not be able to recover collateral securities in the possession of an outside party. As of June 30, 2009, the Authority's bank balances of \$247,614.62, were insured by federal depository insurance in the amount of \$250,000 and the balance was collateralized with securities held by the pledging financial institutions in the Authority's name.

Investments

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2009, the Authority's investments were \$181,333.06. These investments were insured by federal depository insurance in the amount of \$250,000 and the balance was collateralized with securities held by the Authority or its agent in the Authority's name.

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

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

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

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

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

3b. Restricted Assets

The restricted assets as of June 30, 2009, are as follows:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Total</u>
Unspent HAP subsidy	\$ 105,276.95	\$ ----	\$ 105,276.95
	<u>\$ 105,276.95</u>	<u>\$ ----</u>	<u>\$ 105,276.95</u>

Restricted assets are considered non-current since their utilization in the next operating cycle is neither required nor expected.

3c. Accounts Receivable

Receivables detail at June 30, 2009, is as follows:

Tenant accounts receivable	\$ 4,071.35	
Allowance for doubtful accounts	<u>(1,753.91)</u>	
Tenants accounts receivable - net		\$ 2,317.44
Fraud recovery	4,939.35	
Allowance for doubtful accounts	<u>(1,633.30)</u>	
Fraud recovery - net		3,306.05
Accounts receivable - HUD - operating subsidy		2,999.29
Accounts receivable - HUD - capital fund		<u>1,389.22</u>
		<u>\$ 10,012.00</u>

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

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

3d. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Transfers in (out)</u>	<u>Balance June 30, 2009</u>
Land	\$ 917,432.10	\$ -----	\$ -----	\$ -----	\$ 917,432.10
Building	4,300,997.70	85,503.99	-----	-----	4,386,501.69
Furniture, equipment and machinery- dwelling	126,241.86	17,229.72	(1,761.85)	(2,952.00)	138,757.73
Furniture, equipment and machinery- administration	394,318.37	27,941.27	(86,760.27)	2,952.00	338,451.37
Leasehold improvements	1,929,771.34	70,619.80	-----	-----	2,000,391.14
Construction in progress	<u>83,657.47</u>	<u>199,126.55</u>	-----	-----	<u>282,784.02</u>
	7,752,418.84	<u>\$ 400,421.33</u>	<u>\$ (88,522.12)</u>	<u>\$ -----</u>	8,064,318.05
Accumulated depreciation	<u>3,691,971.53</u>	<u>\$ 272,654.63</u>	<u>\$ (88,016.20)</u>	<u>\$ -----</u>	<u>3,876,609.96</u>
Total	<u>\$ 4,060,447.31</u>				<u>\$ 4,187,708.09</u>

3e. Accounts Payable

Payable detail at June 30, 2009, is as follows:

Accounts payable - vendors	\$ 25,025.65
Accounts payable - other government - PILOT	<u>2,661.35</u>
	<u>\$ 27,687.00</u>

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at June 30, 2009 is \$15,740.51.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

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

3g. Non-current Liabilities

As of June 30, 2009, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	\$ <u>310.01</u>
Total	\$ <u><u>310.01</u></u>

The following is a summary of changes in non-current liabilities for the year ended June 30, 2009:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ <u>1,973.81</u>	\$ ----	\$ <u>1,663.80</u>	\$ <u>310.01</u>	\$ <u>15,430.50</u>
Total	\$ <u><u>1,973.81</u></u>	\$ <u><u>----</u></u>	\$ <u><u>1,663.80</u></u>	\$ <u><u>310.01</u></u>	\$ <u><u>15,430.50</u></u>

3h. Long-term Debt

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

Type of Debt	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due within One Year</u>
Notes Payable	\$ <u>152,359.72</u>	\$ ----	\$ <u>26,042.38</u>	\$ <u>126,317.34</u>	\$ <u>13,347.49</u>
Total	\$ <u><u>152,359.72</u></u>	\$ <u><u>----</u></u>	\$ <u><u>26,042.38</u></u>	\$ <u><u>126,317.34</u></u>	\$ <u><u>13,347.49</u></u>

Annual Debt Service Requirements

The annual debt service requirements to maturity for long-term debt as of June 30, 2009, are as follows:

<u>Project/Loan #</u>	<u>Date of Note</u>	<u>Term of Note</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Current Balance</u>
Low Rent #0009542751	1-24-06	12 years	\$ 180,534.00	4.970%	\$ <u><u>139,664.83</u></u>

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

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

3h. Long-term Debt (Continued)

Annual Debt Service Requirements (Continued)

Year Ending June 30,	<u>Principle Payable</u>	<u>Interest Payable</u>
2010	\$ 13,347.49	\$ 6,733.31
2011	14,035.82	6,044.98
2012	14,745.33	5,335.47
2013	15,520.09	4,560.71
2014	16,320.46	3,760.41
2015-2018	<u>65,695.64</u>	<u>6,255.96</u>
Total	<u>\$ 139,664.83</u>	<u>\$ 32,690.84</u>

3i. Interprogram Transactions

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

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

Following is the composite of error corrections:

1. Accumulated depreciation - correct prior year depreciation	\$ <u>(146.93)</u>
Totals	\$ <u>(146.93)</u>

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 4 - Other Notes

4a. Employee Retirement Plan

The Public Employees' Retirement Fund (PERF) is an agent multiple-employers public employee retirement system and a defined benefit plan that acts as a common investment and administrative agent for the state and local governments in Indiana.

The authority under which benefit provisions and obligations to contribute to the Plan by the members and employers is established in the Indiana Code, Title 5, Articles 10.2 and 10.3, amended only by Indiana General Assembly.

The census data is collected as of July 1, 2009 and the Actuarial Valuation date is July 1, 2009. All employees currently covered by the Plan's provisions are included in the census data. All information is determined in accordance with GASB statements #25, #27, and #50. There is no relationship to the Plan sponsor that may impair the objectivity of the valuation.

Included are the Annual Pension Cost and Net Pension Obligation as of June 30, 2009, the Three Year Trend Information, and the Required Supplementary Information with the Schedule of Funding Progress.

Also provided are the descriptions of the Actuarial Methods, a summary of Major Actuarial Assumptions, and a Summary of Major Plan Provisions.

Annual Pension Cost and Net Pension Obligation

Annual Required Contributions	\$	24,390
Interest on Net Pension Obligation		(1,630)
Adjustment To Annual Required		<u>1,858</u>
Annual Pension Costs		24,618
Contributions Made		<u>23,994</u>
Increase (Decrease) In Net Pension Obligation		624
Net Pension Obligation, July 1, 2008		<u>(22,489)</u>
Net Pension Obligation, June 30, 2009	\$	<u>(21,865)</u>

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Three Year Trend Information

	Annual Pension Cost (APC)	Employer Contribution	Percentage of APC Contributed	Net Pension Obligation
6-30-2007	\$ 20,129	\$ 22,896	114%	\$ (14,015)
6-30-2008	15,597	24,071	154%	(22,489)
6-30-2009	24,618	23,994	97%	(21,865)

Required Supplementary Information

	Actuarial Value Of Assets	Actuarial Accrued Liability-AAL	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	Excess/ Unfunded AAL as A % Of Covered Payroll
7-1-2007	\$ 181,688	\$ 259,775	\$ (78,087)	70%	\$ 179,908	43%
7-1-2008	222,001	306,905	(84,904)	72%	263,672	32%
7-1-2009	260,206	340,587	(80,381)	78%	272,268	30%

Actuarial Methods

Actuarial Cost Method

Asset Valuation Method

Entry Age Normal Cost

Annual Funding

Entry Age Normal Cost

75% of Expected
Actuarial Value Plus
25% of Market Value

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The unfunded actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date less the actuarial value of assets.

The effect of this valuation method is to amortize all actuarial gains and losses, resulting from experience different from that anticipated in our assumptions, over a 30-year open period. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Summary of Major Actuarial Assumptions

Interest	7.25% (net of administrative and investment expenses).
Future Salary Increases	Based on PERF experience 2000-2005.
Cost of Living Increases	An increase of 1.5% (compounded) is assumed to be applied to the pension benefit each year following retirement. No increase is assumed to be applied to the PERF annuity benefit.
Mortality	UP-1994. Pre-retirement mortality based on PERF experience 1995-2000. No change made based on PERF experience 2000-2005.
Disability	Based on PERF experience 1995-2000. No change made based on PERF experience 2000-2005.
Termination	Select and ultimate tables based on PERF experience 2000-2005. Separate tables are used for State employees and political subdivision employees.
Retirement	Based on PERF experience 2000-2005. Revised effective July 1, 2007.
Spouse's Benefit	90% of participants are assumed either to be married or to have a dependent beneficiary. Males are assumed to be 3 years older than their spouses.

Summary of Major Plan Provisions

Participation	All full time employees of the State of Indiana and all full time employees of political subdivisions which have adopted the plan must become members of PERF upon date of hire.
---------------	--

Eligibility for Annuity Benefits

Normal Retirement	Earliest of: Age 65 with 10 years of creditable service; Age 60 with 15 years of creditable service; Sum of age and creditable service equal to 85 (but not earlier than age 55).
Early Retirement	Age 50 with 15 years of creditable service.
Late Retirement	Subject to continued employment after normal retirement.
Disability Retirement	5 years of creditable service and qualified for Social Security disability benefits or federal Civil Service disability benefits.
Termination	10 years of creditable service and election not to take lump sum payment of employee account balance with interest.
Pre-Retirement Death	If death occurs in service, 15 years of creditable service. If death occurs after separating from service, age 50 with 15 years of creditable service.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Amount of Benefits

Normal Retirement	The normal retirement benefit is an annuity payable for life with 60 months guaranteed and is equal to 1.1 % of average monthly earnings* times years of creditable service earned.
Early Retirement	The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/10% for each of the first 60 months and by 5/12% for each of the next 120 months that the benefit commencement date precedes the normal retirement date.
Late Retirement	The late retirement benefit is calculated in the same manner as the normal retirement benefit. Creditable service and earnings earned after normal retirement is included in the computation.
Disability Retirement	The disability retirement benefit is the accrued retirement benefit determined as of the disability date and payable commencing the month following disability date without reduction for early commencement.

* Average monthly earnings is the monthly average of earnings during the 20 quarters (in groups of 4 consecutive contribution quarters) preceding retirement that produce the highest such average. Earnings include basic salary, the member's 3% mandatory contribution paid by the employer, the member's salary reduction agreement under Section 125, 430(b) or 457 of the Internal Revenue Code, and up to \$2,000 of additional compensation received from the employer in anticipation of the member's termination or retirement.

Termination	The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing at 65. If the member has 15 or more years of creditable service, then the member may elect to receive a reduced early retirement benefit.
Pre-Retirement Death	The spouse or dependent beneficiary is entitled to receive the monthly life annuity under the assumption that the participant retired on the later of age 50 or the day before the date of death and elected the joint and full survivor option.
Employee Contributions	Each member is required to contribute to an employee annuity at the rate of 3% of pay (unless the employer has opted to make the contribution for the employee). These contributions are kept on deposit and credited with interest until such time as they are refunded or used to provide the annuity benefit at retirement.

The benefits provided by employee contributions are in addition to the benefits provided by employer contributions. The monthly annuity provided at a normal retirement age of 65 is equal to \$1.00 for each \$108.79 of accumulated employee contributions plus interest.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 4 - Other Notes (Continued)

4b. Risk Management

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

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Pfenninger Agency, Inc.
b. Injuries to employees (workers' compensation)	Purchased insurance with Travelers Insurance Company; Claims are administered by The Pfenninger Agency, Inc.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000.00 deductibles.
d. Health and life	Purchased health insurance with Anthem - Blue Cross and Blue Shield; Life insurance is provided by Anthem - Blue Cross and Blue Shield.

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

4c. Economic Dependency

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

4d. Commitments and Contingencies

Commitments—Construction

At June 30, 2009, the Authority had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-07	\$ 191,135.00	\$ 185,713.66
CFP 501-08	207,063.00	168,781.36
CFSG 501-09	262,100.00	2,999.25
	<u>\$ 660,298.00</u>	<u>\$ 357,494.27</u>

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

NOTE 4 - Other Notes (Continued)

4d. Commitments and Contingencies (Continued)

Contingencies

The Authority is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

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

Year Ended June 30, 2009

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	<u>Public and Indian Housing Nonmajor - Direct Program</u>		
2009	Low Rent Program	14.850a	\$ <u>283,606.00</u>
	<u>Low Income Public Housing Major - Direct Program</u>		
2009	Housing Choice Vouchers	14.871	\$ <u>1,230,600.00</u>
	<u>Public and Indian Housing Major - Direct Program</u>		
2009	Capital Fund program	14.872	\$ <u>369,780.07</u>
	<u>Public and Indian Housing Nonmajor - Direct Program</u>		
2009	Formula Capital Fund Stimulus Grant	14.885	\$ <u>2,999.29</u>
	Total		\$ <u>1,886,985.36</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1 - Significant Accounting Policies

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

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

June 30, 2009

1. Actual Capital Fund Program costs are as follows:

	<u>CFP 501-06</u>
Funds approved	\$ 202,863.00
Funds expended	<u>202,863.00</u>
Excess of Funds Approved	\$ <u>-----</u>
Funds advanced	\$ 202,863.00
Funds expended	<u>202,863.00</u>
Excess (deficiency) of Funds Advanced	\$ <u>-----</u>

2. The costs as shown on the Actual Cost Certificate dated July 31, 2009 submitted to HUD for approval is in agreement with the PHA's records as of June 30, 2009.
3. All costs have been paid and all related liabilities have been discharged through payments.

EXHIBIT A
FINANCIAL DATE SCHEDULE

Entity Wide Balance Sheet Summary

IN050

06/30/2009

Audited/A-133

	Project Total	14.885	14.871	COCC	Subtotal
111 Cash - Unrestricted	135		87260		87395
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted			105277		105277
114 Cash - Tenant Security Deposits	43251				43251
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	43386	0	192537		235923
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	1389	2999			4388
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	4071				4071
126.1 Allowance for Doubtful Accounts - Tenants	-1754				-1754
126.2 Allowance for Doubtful Accounts - Other	0	0			0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery			4939		4939
128.1 Allowance for Doubtful Accounts - Fraud			-1633		-1633
129 Accrued Interest Receivable	806				806
120 Total Receivables, Net of Allowances for Doubtful Accounts	4512	2999	3306		10817
131 Investments - Unrestricted	181333				181333
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	20118		963		21081
143 Inventories	10452				10452
143.1 Allowance for Obsolete Inventories	-439				-439
144 Inter Program Due From	14093				14093
145 Assets Held for Sale					
150 Total Current Assets	273455	2999	196806		473260

	Project Total	14.885	14.871	COCC	Subtotal
161 Land	917432				917432
162 Buildings	4386502				4386502
163 Furniture, Equipment & Machinery - Dwellings	138758				138758
164 Furniture, Equipment & Machinery - Administration	259744		78707		338451
165 Leasehold Improvements	2000391				2000391
166 Accumulated Depreciation	-3805113		-71497		-3876610
167 Construction in Progress	282784				282784
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	4180498	0	7210		4187708
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	4180498	0	7210		4187708
190 Total Assets	4453953	2999	204016		4660968
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	24537		489		25026
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	2809				2809
322 Accrued Compensated Absences - Current Portion	12453		2978		15431
324 Accrued Contingency Liability					
325 Accrued Interest Payable	116				116
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	2661				2661
341 Tenant Security Deposits	43421				43421
342 Deferred Revenues					
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	13348				13348
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					

	Project Total	14.885	14.871	COCC	Subtotal
347 Inter Program - Due To		2999	11094		14093
348 Loan Liability - Current					
310 Total Current Liabilities	99345	2999	14561		116905
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	126317				126317
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	310				310
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	126627	0	0		126627
300 Total Liabilities	225972	2999	14561		243532
508.1 Invested In Capital Assets, Net of Related Debt	4040833		7210		4048043
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets			105277		105277
512.1 Unrestricted Net Assets	187148	0	76968		264116
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	4227981	0	189455		4417436
600 Total Liabilities and Equity/Net Assets	4453953	2999	204016		4660968

	ELIM	Total
111 Cash - Unrestricted		87395
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted		105277
114 Cash - Tenant Security Deposits		43251
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	0	235923
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects		4388
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous		
126 Accounts Receivable - Tenants		4071
126.1 Allowance for Doubtful Accounts - Tenants		-1754
126.2 Allowance for Doubtful Accounts - Other		0
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		4939
128.1 Allowance for Doubtful Accounts - Fraud		-1633
129 Accrued Interest Receivable		806
120 Total Receivables, Net of Allowances for Doubtful Accounts	0	10817
131 Investments - Unrestricted		181333
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets		21081
143 Inventories		10452
143.1 Allowance for Obsolete Inventories		-439
144 Inter Program Due From	-14093	0
145 Assets Held for Sale		
150 Total Current Assets	-14093	459167
161 Land		917432
162 Buildings		4386502
163 Furniture, Equipment & Machinery - Dwellings		138758
164 Furniture, Equipment & Machinery - Administration		338451
165 Leasehold Improvements		2000391

	ELIM	Total
166 Accumulated Depreciation		-3876610
167 Construction in Progress		282784
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	0	4187708
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	0	4187708
190 Total Assets	-14093	4646875
311 Bank Overdraft		
312 Accounts Payable <= 90 Days		25026
313 Accounts Payable >90 Days Past Due		
321 Accrued Wages/Payroll Taxes Payable		2809
322 Accrued Compensated Absences - Current Portion		15431
324 Accrued Contingency Liability		
325 Accrued Interest Payable		116
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		2661
341 Tenant Security Deposits		43421
342 Deferred Revenues		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds		13348
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other		
347 Inter Program - Due To	-14093	0
348 Loan Liability - Current		
310 Total Current Liabilities	-14093	102812
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		126317

	ELIM	Total
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other		
354 Accrued Compensated Absences - Non Current		310
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities		
350 Total Non-Current Liabilities	0	126627
300 Total Liabilities	-14093	229439
508.1 Invested In Capital Assets, Net of Related Debt		4048043
509.2 Fund Balance Reserved		
511.2 Unreserved, Designated Fund Balance		
511.1 Restricted Net Assets		105277
512.1 Unrestricted Net Assets		264116
512.2 Unreserved, Undesignated Fund Balance		
513 Total Equity/Net Assets	0	4417436
600 Total Liabilities and Equity/Net Assets	-14093	4646875

Entity Wide Revenue and Expense Summary

IN050

06/30/2009

Audited/A-133

	Project Total	14.885	14.871	COCC	Subtotal
70300 Net Tenant Rental Revenue	314045				314045
70400 Tenant Revenue - Other	21955				21955
70500 Total Tenant Revenue	336000	0	0		336000
70600 HUD PHA Operating Grants	308771	2999	1230600		1542370
70610 Capital Grants	344615				344615
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	7624		334		7958
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery			776		776
71500 Other Revenue	3324				3324
71600 Gain or Loss on Sale of Capital Assets	2237		-77		2160
72000 Investment Income - Restricted			110		110
70000 Total Revenue	1002571	2999	1238743		2244313
91100 Administrative Salaries	122250		70704		192954
91200 Auditing Fees	2098		1670		3768
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	739				739
91500 Employee Benefit contributions - Administrative	47524		22674		70198

	Project Total	14.885	14.871	COCC	Subtotal
91600 Office Expenses	15395		4512		19907
91700 Legal Expense	532				532
91800 Travel	4504		903		5407
91810 Allocated Overhead					
91900 Other	17144		8199		25343
91000 Total Operating - Administrative	210186	0	108662		318848
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	3653				3653
92500 Total Tenant Services	3653	0	0		3653
93100 Water	3951				3951
93200 Electricity	101127				101127
93300 Gas	9969				9969
93400 Fuel					
93500 Labor					
93600 Sewer	13191				13191
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense	679				679
93000 Total Utilities	128917	0	0		128917
94100 Ordinary Maintenance and Operations - Labor	118446				118446
94200 Ordinary Maintenance and Operations - Materials and Other	42555		130		42685
94300 Ordinary Maintenance and Operations Contracts	32253	2999			35252
94500 Employee Benefit Contributions - Ordinary Maintenance	32423				32423
94000 Total Maintenance	225677	2999	130		228806
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	0	0	0		0

	Project Total	14.885	14.871	COCC	Subtotal
96110 Property Insurance	32886				32886
96120 Liability Insurance	7587				7587
96130 Workmen's Compensation	3550				3550
96140 All Other Insurance	4059				4059
96100 Total Insurance Premiums	48082	0	0		48082
96200 Other General Expenses					
96210 Compensated Absences	-3837		-160		-3997
96300 Payments in Lieu of Taxes	2661				2661
96400 Bad debt - Tenant Rents	2601				2601
96500 Bad debt - Mortgages					
96600 Bad debt - Other			1196		1196
96800 Severance Expense					
96000 Total Other General Expenses	1425	0	1036		2461
96710 Interest of Mortgage (or Bonds) Payable	7376				7376
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	7376	0	0		7376
96900 Total Operating Expenses	625316	2999	109828		738143
97000 Excess of Operating Revenue over Operating Expenses	377255	0	1128915		1506170
97100 Extraordinary Maintenance	90				90
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			1029962		1029962
97350 HAP Portability-In					
97400 Depreciation Expense	271749		758		272507
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	897155	2999	1140548		2040702

	Project Total	14.885	14.871	COCC	Subtotal
10010 Operating Transfer In					
10020 Operating transfer Out	25165				25165
10030 Operating Transfers from/to Primary Government	-25165				-25165
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	0	0	0		0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	105416	0	98195		203611
11020 Required Annual Debt Principal Payments	12694				12694
11030 Beginning Equity	4122712	0	91260		4213972
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-147	0	0		-147
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			84178		84178
11180 Housing Assistance Payments Equity			105277		105277
11190 Unit Months Available	1860	0	3288		5148
11210 Number of Unit Months Leased	1816	0	3154		4970
11270 Excess Cash	91870				91870
11610 Land Purchases	0				0
11620 Building Purchases	284630				284630
11630 Furniture & Equipment - Dwelling Purchases	17230				17230
11640 Furniture & Equipment - Administrative Purchases	26936				26936

	Project Total	14.885	14.871	COCC	Subtotal
11650 Leasehold Improvements Purchases	70620				70620
11660 Infrastructure Purchases	0				0
13510 CFFP Debt Service Payments	20081				20081
13901 Replacement Housing Factor Funds	0				0

	ELIM	Total
70300 Net Tenant Rental Revenue		314045
70400 Tenant Revenue - Other		21955
70500 Total Tenant Revenue	0	336000
70600 HUD PHA Operating Grants		1542370
70610 Capital Grants		344615
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees		
70700 Total Fee Revenue	0	0
70800 Other Government Grants		
71100 Investment Income - Unrestricted		7958
71200 Mortgage Interest Income		
71300 Proceeds from Disposition of Assets Held for Sale		
71310 Cost of Sale of Assets		
71400 Fraud Recovery		7776
71500 Other Revenue		3324
71600 Gain or Loss on Sale of Capital Assets		2160
72000 Investment Income - Restricted		110
70000 Total Revenue	0	2244313
91100 Administrative Salaries		192954
91200 Auditing Fees		3768
91300 Management Fee		
91310 Book-keeping Fee		
91400 Advertising and Marketing		739
91500 Employee Benefit contributions - Administrative		70198
91600 Office Expenses		19907
91700 Legal Expense		532
91800 Travel		5407
91810 Allocated Overhead		
91900 Other		25343

	ELIM	Total
91000 Total Operating - Administrative	0	318848
92000 Asset Management Fee		
92100 Tenant Services - Salaries		
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other		3653
92500 Total Tenant Services	0	3653
93100 Water		3951
93200 Electricity		101127
93300 Gas		9969
93400 Fuel		
93500 Labor		
93600 Sewer		13191
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		679
93000 Total Utilities	0	128917
94100 Ordinary Maintenance and Operations - Labor		118446
94200 Ordinary Maintenance and Operations - Materials and Other		42685
94300 Ordinary Maintenance and Operations Contracts		35252
94500 Employee Benefit Contributions - Ordinary Maintenance		32423
94000 Total Maintenance	0	228806
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs		
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	0	0
96110 Property Insurance		32886
96120 Liability Insurance		7587
96130 Workmen's Compensation		3550
96140 All Other Insurance		4059

	ELIM	Total
96100 Total Insurance Premiums	0	48082
96200 Other General Expenses		
96210 Compensated Absences		-3997
96300 Payments in Lieu of Taxes		2661
96400 Bad debt - Tenant Rents		2601
96500 Bad debt - Mortgages		
96600 Bad debt - Other		1196
96800 Severance Expense		
96000 Total Other General Expenses	0	2461
96710 Interest of Mortgage (or Bonds) Payable		7376
96720 Interest on Notes Payable (Short and Long Term)		
96730 Amortization of Bond Issue Costs		
96700 Total Interest Expense and Amortization Cost	0	7376
96900 Total Operating Expenses	0	738143
97000 Excess of Operating Revenue over Operating Expenses	0	1506170
97100 Extraordinary Maintenance		90
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments		1029962
97350 HAP Portability-In		
97400 Depreciation Expense		272507
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	0	2040702
10010 Operating Transfer In	-25165	0
10020 Operating transfer Out	25165	0
10030 Operating Transfers from/to Primary Government		
10040 Operating Transfers from/to Component Unit		

	ELIM	Total
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss		
10080 Special Items (Net Gain/Loss)		
10091 Inter Project Excess Cash Transfer In		
10092 Inter Project Excess Cash Transfer Out		
10093 Transfers between Program and Project - In		
10094 Transfers between Project and Program - Out		
10100 Total Other financing Sources (Uses)	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	0	203611
11020 Required Annual Debt Principal Payments		12694
11030 Beginning Equity		4213972
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		-147
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		84178
11180 Housing Assistance Payments Equity		105277
11190 Unit Months Available		5148
11210 Number of Unit Months Leased		4970
11270 Excess Cash		91870
11610 Land Purchases		0
11620 Building Purchases		284630
11630 Furniture & Equipment - Dwelling Purchases		17230
11640 Furniture & Equipment - Administrative Purchases		26936
11650 Leasehold Improvements Purchases		70620
11660 Infrastructure Purchases		0
13510 CFFP Debt Service Payments		20081
13901 Replacement Housing Factor Funds		0

SECTION III
REPORTS ON COMPLIANCE
AND
ON INTERNAL CONTROL

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Board of Commissioners
New Castle Housing Authority
New Castle, Indiana

We have audited the basic financial statements of the New Castle Housing Authority, Indiana, (Authority) as of and for the year ended June 30, 2009, and have issued our report thereon dated February 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

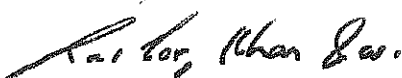
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Sailor, Khan & Co. LLC
February 11, 2010

**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
New Castle Housing Authority
New Castle, Indiana

Compliance

We have audited the compliance of the New Castle Housing Authority, Indiana, (Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

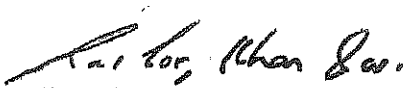
The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the Authority's internal control over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

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

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

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

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



Sailor, Khan & Co. LLC

February 11, 2010

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS

June 30, 2009

The prior audit report for the year ended June 30, 2008 contained a total of no significant deficiencies.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) on Circular A-133?	No

Identification of major programs:

CFDA	
Number(s)	Name of Federal Program
14-871	Section 8 Housing Choice Vouchers
14-872	Public and Indian Housing - Capital Fund Program

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

New Castle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended June 30, 2009 disclosed no Financial Statement audit findings.

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended June 30, 2009 disclosed no Federal Awards audit findings.

QUESTIONED COSTS

None