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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, 2010 to June 30, 2011. 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, 2011 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, 2011
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 financial statements of the New Castle Housing Authority, Indiana, (Authority) as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

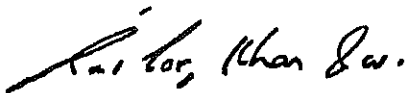
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, 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 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 New Castle Housing Authority, Indiana, as of June 30, 2011, and the changes in financial position and 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 December 16, 2011, 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 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 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 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 Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Sailor, Khan & Co. LLC
December 16, 2011

New Castle Housing Authority

Management's Discussion and Analysis (MD&A) June 30, 2011 (Unaudited)

The management of the New Castle Housing Authority (PHA) offers this narrative overview and analysis of its audited financial statements for the fiscal year ended June 30, 2011. 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, 2011 by \$4,424,183 (Net Assets).
- ▶ The PHA's investment in Capital Assets, net of related debt as of June 30, 2011 was \$4,085,158.
- ▶ The PHA's total revenue and contributions for the fiscal year end June 30, 2011 was \$2,329,392.
- ▶ The PHA's total expenses for the fiscal year end June 30, 2011 was \$2,368,854. Therefore, the PHA's expenses exceed its revenues and contributions by \$39,462.

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.
- ▶ Statement of Cash Flows. - the statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.
- ▶ Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data
- ▶ Supplemental Information - This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended [fiscal year end date] and is required to be included in the audit reporting package.

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

ANALYSIS OF FINANCIAL STATEMENTS:

*Statements of Net Assets
June 30,*

	<u>2011</u>	<u>2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 319,392	\$ 338,067	\$ (18,675)	-5.5%
Restricted assets	122,561	174,161	(51,600)	-29.6%
Capital assets	4,197,437	4,173,008	24,429	0.6%
Total Assets	<u>4,639,390</u>	<u>4,685,236</u>	<u>(45,846)</u>	-1.0%
Current liabilities	113,484	106,681	6,803	6.4%
Noncurrent liabilities	101,723	114,910	(13,187)	-11.5%
Total Liabilities	<u>215,207</u>	<u>221,591</u>	<u>(6,384)</u>	-2.9%
Net Assets				
Invested in capital assets, net of related debt	4,085,158	4,046,692	38,466	1.0%
Restricted for HAP	122,561	174,161	(51,600)	-29.6%
Unrestricted	216,464	242,792	(26,328)	-10.8%
Total Net Assets	<u>\$ 4,424,183</u>	<u>\$ 4,463,645</u>	<u>\$ (39,462)</u>	-0.9%

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table above, assets exceeded liabilities by \$4,424,183 at the close of the year ended June 30, 2011 down from \$4,463,645 in 2010.

The decrease in current and other assets is due to reduction in fraud recovery, accrued interest payable, and inventories. The decrease in restricted assets is due to a reduction in HAP funding from HUD, which resulted in the PHA utilizing a portion of restricted net assets to cover the short fall. The increase in capital assets is primarily due to current year fund additions, roof replacements, and land improvements. The current liabilities increased due to other accrued liabilities for benefits and utilities, security deposits, and PILOT, but saw a decrease in accounts payable for services and materials. The decrease in noncurrent liabilities is due to payment on the loan.

The unrestricted net assets were \$216,464 as of June 30, 2011. This amount may be used to meet the Authority's ongoing obligations. The Authority had \$122,561 of net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

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

ANALYSIS OF FINANCIAL STATEMENTS (CONTINUED):

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

	<u>2011</u>	<u>2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 336,684	\$ 325,874	\$ 10,810	3.3%
HUD operating grants	1,653,309	1,675,583	(22,274)	-1.3%
Interest income	1,776	4,936	(3,160)	-64.0%
Capital Contributions	318,937	228,815	90,122	39.4%
Gain (loss) on disposition of capital items	4,026	(5,039)	9,065	-179.9%
Other income	14,660	24,032	(9,372)	-39.0%
Total Revenues and Contributions	<u>2,329,392</u>	<u>2,254,201</u>	<u>75,191</u>	3.3%
Expenses				
Personal services	420,585	427,548	(6,963)	-1.6%
Utilities	137,760	129,377	8,383	6.5%
Operations and maintenance	101,223	102,978	(1,755)	-1.7%
Non routine maintenance	13,500	---	13,500	100.0%
Insurance	49,343	48,041	1,302	2.7%
Payment in lieu of taxes	3,316	1,075	2,241	208.5%
Other supplies and expenses	65,963	62,752	3,211	5.1%
Housing assistance payments	1,259,049	1,144,455	114,594	10.0%
Interest expense	6,032	6,721	(689)	-10.3%
Depreciation	312,083	285,045	27,038	9.5%
Total Expenses	<u>2,368,854</u>	<u>2,207,992</u>	<u>160,862</u>	7.3%
Change in net assets	(39,462)	46,209	(85,671)	
Beginning net assets	<u>4,463,645</u>	<u>4,417,436</u>	<u>46,209</u>	
Ending net assets	<u>\$ 4,424,183</u>	<u>\$ 4,463,645</u>	<u>\$ (39,462)</u>	

Total revenues and contributions increased by \$75,191 due to increases in gain on capital assets, rental revenue, and capital contributions. This increase was partially offset by decreases in interest income, HUD operating grants, and other income.

Total expenses increased by \$160,862 due to increases in utilities, non-routine maintenance, insurance, payment in lieu of taxes, other supplies and expenses, housing assistance payments, and depreciation expenses which were partially offset by decreases in personal services, operations and maintenance, and interest expense. The increase in utilities is due to higher rates. The increase in non routine maintenance is due to hail damage to the shed roofs. The increase in insurance is for property, liability and workers compensation. The increase in other supplies and expenses is due to increases in office supplies, membership dues, audit fees, and accounting fees. The increase in housing assistance payments is due to higher payments passed through to landlords for rent. The increase in depreciation is due to more capital assets.

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

BUDGETARY HIGHLIGHTS:

Low Rent Public Housing (Operations Only)

The Board approved budget anticipated an operating gain of \$9,461. Actual result of operation was an operation income before depreciation of \$7,579, for a variance of \$1,882.

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

Capital Assets - The New Castle Housing Authority's capital assets, as of June 30, 2011 amounts to \$4,197,437 (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>			
	<u>2011</u>	<u>2010</u>	<u>Dollar Change</u>
Land	\$ 917,432	\$ 917,432	\$ ----
Building	4,808,437	4,536,847	271,590
Furniture, equipment and machinery- dwelling	119,543	134,544	(15,001)
Furniture, equipment and machinery- administration	284,097	325,035	(40,938)
Leasehold improvements	2,167,957	2,024,708	143,249
Construction in progress	<u>233,587</u>	<u>351,869</u>	<u>(118,282)</u>
	8,531,053	8,290,435	240,618
Accumulated depreciation	<u>4,333,616</u>	<u>4,117,427</u>	<u>216,189</u>
Total	<u>\$ 4,197,437</u>	<u>\$ 4,173,008</u>	<u>\$ 24,429</u>

The total increase in the Authority's capital assets for the current fiscal year was \$24,429. Actual expenditures to purchase equipment and construct capital assets were \$337,611 for the year. The Authority has \$151,277 available in Capital Funds to draw down and spend in the future.

Debt Administration - The New Castle Housing Authority has debt in the amount of \$112,279 as of June 30, 2011. Additional information regarding the Housing Authority's debit 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, 2011

ASSETS

Current Assets:

Cash and cash equivalents	\$ 114,198.60
Investments	152,572.12
Receivable - net of allowances:	
Accounts	32,088.00
Accrued interest	352.82
Inventory - net of allowances	1,923.86
Prepaid expenses	<u>18,256.70</u>
 Total Current Assets	 <u>319,392.10</u>

Noncurrent Assets:

Restricted assets:

Cash and cash equivalents	<u>122,561.00</u>
 Total restricted assets	 <u>122,561.00</u>

Capital assets:

Land, improvements, and construction in progress	1,151,018.65
Other capital assets, net of depreciation	<u>3,046,418.64</u>
 Total capital assets- net	 <u>4,197,437.29</u>
 Total Noncurrent Assets	 <u>4,319,998.29</u>
 Total Assets	 \$ <u><u>4,639,390.39</u></u>

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2011

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 27,281.43
Accrued salaries, wages and benefits	3,887.68
Accrued compensated absences	15,417.43
Tenant security deposit liability	51,123.58
Interest payable	93.00
Current portion of long term debt	14,745.33
Deferred revenues	<u>936.00</u>

Total Current Liabilities 113,484.45

Noncurrent Liabilities:

Long term debt	97,533.50
Accrued compensated absences	<u>4,189.37</u>

Total Noncurrent Liabilities 101,722.87

Total Liabilities 215,207.32

NET ASSETS

Invested in capital assets, net of related debt	4,085,158.46
Restricted for:	
HAP	122,561.00
Unrestricted	<u>216,463.61</u>

Total Net Assets 4,424,183.07

Total Liabilities and Net Assets \$ 4,639,390.39

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, 2011

Operating Revenues:	
Rental revenue	\$ 336,684.35
Operating subsidies- HUD grants	1,653,309.18
Other revenues	<u>14,659.81</u>
Total operating revenues	<u>2,004,653.34</u>
Operating Expenses:	
Personal services	420,585.19
Utilities	137,760.66
Operations and maintenance	101,222.75
Non routine maintenance	13,500.00
Insurance	49,343.01
Payment in lieu of taxes	3,316.32
Other supplies and expenses	65,962.89
Housing assistance payments	1,259,049.00
Depreciation	<u>312,082.69</u>
Total operating expenses	<u>2,362,822.51</u>
Operating income (loss)	<u>(358,169.17)</u>
Non-operating revenues (expenses):	
Interest and investment earnings	1,776.23
Interest expense	(6,031.84)
Gain (Loss) on sale of fixed assets	<u>4,025.70</u>
Net non-operating revenues (expenses)	<u>(229.91)</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(358,399.08)
Capital contributions	<u>318,937.29</u>
Change in net assets	(39,461.79)
Net assets at beginning of year	<u>4,463,644.86</u>
Net assets at end of year	<u>\$ 4,424,183.07</u>

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF CASH FLOWS

For Year Ended June 30, 2011

Cash flows from operating activities:

Cash received from tenants	\$ 331,962.12
Cash received from HUD grants- operating	1,656,894.18
Cash received from other operating activities	13,801.90
Cash payments for goods and services	(1,631,039.52)
Cash payments to employees-salaries	(312,709.01)
Cash payments for employee benefit contributions	(105,592.41)
Cash (payments) receipts for in lieu of property taxes	<u>(1,075.51)</u>

Net cash provided (used) by operating activities (47,758.25)

Cash flows from capital and related financing activities:

Capital contributions	298,624.24
Proceeds from sale of assets	5,124.80
Payments for capital assets	(332,753.65)
Principal paid on capital debt	(14,037.32)
Interest paid on capital debt	<u>(6,043.48)</u>

Net cash (used) for capital and related financing activities (49,085.41)

Cash flows from investing activities:

Proceeds from sale of (payments) for investments	(2,212.24)
Interest and dividends	2,632.09
Receipts (payments) from tenant security deposits	<u>2,974.98</u>

Net cash provided (used) from investing activities 3,394.83

Net increase (decrease) in cash and cash equivalents (93,448.83)

Cash and cash equivalents at beginning of year 330,208.43

Cash and cash equivalents at end of year \$ 236,759.60

Cash and cash equivalents \$ 114,198.60

Restricted cash and cash equivalents 122,561.00

Total cash and cash equivalents at end of year \$ 236,759.60

Noncash Investing, Capital and Financing Activities:

Acquisition of capital assets on account	\$ <u><u>4,856.99</u></u>
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See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended June 30, 2011

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

Operating income (loss)	\$ (358,169.17)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	312,082.69
Allowance for doubtful accounts	(1,081.08)
Changes in assets and liabilities:	
Receivables	753.91
Inventory	5,843.22
Prepaid expenses	(7,021.14)
Accounts and other payables	(782.48)
Deferred revenues	(1,667.97)
Compensated absences	2,311.24
Accrued expenses	<u>(27.47)</u>
Net cash provided (used) by operating activities	\$ <u><u>(47,758.25)</u></u>

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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, 2011

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, accounts receivable - miscellaneous 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, 2011

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 \$100.00 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net 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	10 - 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 Housing Choice Vouchers which is a HUD program.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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. The Authority had no related debt.
- 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, 2011

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, 2011, 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, 2011

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, 2011, the Authority's bank balances of \$243,470.33, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

Investments

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2011, the Authority's investments were \$152,572.12 in certificates of deposit. These investments were insured by federal depository insurance or registered, or securities held by the Authority or its agent in the Authority's name.

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

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

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

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

3b. Restricted Assets

The restricted assets as of June 30, 2011, are as follows:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Total</u>
Unspent HAP subsidy	\$ 122,561.00	\$ ----	\$ 122,561.00
	<u>\$ 122,561.00</u>	<u>\$ ----</u>	<u>\$ 122,561.00</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, 2011, is as follows:

Tenant accounts receivable	\$ 7,416.63	
Allowance for doubtful accounts	<u>(2,146.59)</u>	
Tenants accounts receivable - net		\$ 5,270.04
Fraud recovery	4,468.09	
Allowance for doubtful accounts	<u>(446.80)</u>	
Fraud recovery - net		4,021.29
Accounts receivable - HUD - operating subsidy		142.00
Accounts receivable - HUD - capital fund		22,572.55
Accounts receivable - miscellaneous		<u>82.12</u>
		<u>\$ 32,088.00</u>

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

3d. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Transfers in (out)</u>	<u>Balance June 30, 2011</u>
Land	\$ 917,432.10	\$ -----	\$ -----	\$ -----	\$ 917,432.10
Building	4,536,846.77	271,590.76	-----	-----	4,808,437.53
Furniture, equipment and machinery- dwelling	134,544.25	2,571.27	(17,572.90)	-----	119,542.62
Furniture, equipment and machinery- administration	325,034.84	38,482.32	(79,419.70)	-----	284,097.46
Leasehold improvements	2,024,707.76	136,949.00	-----	6,300.00	2,167,956.76
Construction in progress	351,869.26	-----	(111,982.71)	(6,300.00)	233,586.55
	8,290,434.98	<u>\$ 449,593.35</u>	<u>\$ (208,975.31)</u>	<u>\$ -----</u>	8,531,053.02
Accumulated depreciation	<u>4,117,426.54</u>	<u>\$ 312,082.69</u>	<u>\$ (95,893.50)</u>	<u>\$ -----</u>	<u>4,333,615.73</u>
Total	<u>\$ 4,173,008.44</u>				<u>\$ 4,197,437.29</u>

3e. Accounts Payable

Payable detail at June 30, 2011, is as follows:

Accounts payable - vendors	\$ 11,225.16
Accounts payable - other government - PILOT	3,316.32
Accrued liabilities - other	<u>12,739.95</u>
	<u>\$ 27,281.43</u>

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at June 30, 2011 is \$19,606.80.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

3g. Non-current Liabilities

As of June 30, 2011, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	\$ <u>4,189.37</u>
Total	\$ <u><u>4,189.37</u></u>

The following is a summary of changes in non-current liabilities for the year ended June 30, 2011:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ <u>2,629.90</u>	\$ <u>1,559.47</u>	\$ <u>----</u>	<u>4,189.37</u>	\$ <u>15,417.43</u>
Total	\$ <u><u>2,629.90</u></u>	\$ <u><u>1,559.47</u></u>	\$ <u><u>----</u></u>	\$ <u><u>4,189.37</u></u>	\$ <u><u>15,417.43</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, 2011:

Type of Debt	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due within One Year</u>
Notes Payable	\$ <u>112,280.33</u>	\$ <u>----</u>	\$ <u>14,746.83</u>	\$ <u>97,533.50</u>	\$ <u>14,745.33</u>
Total	\$ <u><u>112,280.33</u></u>	\$ <u><u>----</u></u>	\$ <u><u>14,746.83</u></u>	\$ <u><u>97,533.50</u></u>	\$ <u><u>14,745.33</u></u>

Annual Debt Service Requirements

The annual debt service requirements to maturity for long-term debt as of June 30, 2010, 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>112,278.83</u></u>

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

3h. Long-term Debt (Continued)

Annual Debt Service Requirements (Continued)

Year Ending June 30,	Principle Payable	Interest Payable
2012	\$ 14,745.33	\$ 5,335.47
2013	15,520.09	4,560.71
2014	16,320.46	3,760.41
2015	17,162.10	2,918.70
2016	18,042.05	2,038.75
2017-2018	<u>30,488.80</u>	<u>1,194.61</u>
Total	<u>\$ 112,278.83</u>	<u>\$ 19,808.65</u>

3i. Interprogram Transactions

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

NOTE 4 - Other Notes

4a. Employee Retirement Plan

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

The most recent actuarial valuation was completed using a valuation date of June 30, 2011 and census data as of July 1, 2011. All employees currently covered by the Plan's provisions are included in the census data. The valuation results were determined and are presented in accordance with GASB statements #25, #27, and #50. There is no relationship between the actuary and 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, 2011, the Three Year Trend Information, and the Required Supplementary Information with the Schedule of Funding Progress.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Also provided are summaries of the actuarial methods, major actuarial assumptions, major plan provisions and any changes since the prior valuation. 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

A. Annual Required Contribution	\$ 26,310
B. Interest of 7.00% on 6/30/2010 Net Pension Obligation	(1,749)
C. Adjustment To Annual Required Contribution	<u>2,014</u>
D. Annual Pension Costs = A + B + C	26,575
E. 2010-2011 Contributions Made	<u>24,698</u>
F. Increase (Decrease) In Net Pension Obligation = D-E	1,877
G. Net Pension Obligation, June 30, 2010	<u>(24,992)</u>
H. Net Pension Obligation, June 30, 2011 = F+ G	<u>\$ (23,115)</u>

Three Year Trend Information

	<u>Annual Pension Cost (APC)</u>	<u>Employer Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-2009	\$ 24,618	\$ 23,994	97%	\$ (21,865)
6-30-2010	21,499	24,626	115%	(24,992)
6-30-2011	26,575	24,698	93%	(23,115)

Required Supplementary Information

<u>Valuation Date</u>	<u>Actuarial Value Of Assets</u>	<u>Actuarial Accrued Liability-AAL</u>	<u>Excess of Assets Over (Unfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess/ Unfunded AAL as A % Of Covered Payroll</u>
6-30-2009	\$ 260,206	\$ 340,587	\$ (80,381)	78%	\$ 272,268	30%
6-30-2010	265,887	391,493	(125,606)	68%	277,878	45%
6-30-2011	245,561	419,494	(173,933)	59%	277,514	63%

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Actuarial Methods

Annual Funding

Actuarial Cost Method

Entry Age Normal - Level Percent of Payroll

Asset Valuation Method

4-year smoothing of gains/losses on market value

Entry Age Normal - Level Percent of Payroll

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 actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year 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.

Summary of Major Actuarial Assumptions as of June 30, 2011

Interest	7.00% (net of administrative and investment expenses) at 6/30/2011.
Future Salary Increases	Age-based rates ranging from 3.25% - 4.5%, based on 2005-2010 experience.
Cost of Living Increases	An increase of 1.00% (compounded) is assumed to be applied to the pension benefit each year following retirement. No increase is assumed to be applied to annuitized ASA balances.
Mortality	2008 IRS Static Mortality projected 5 years with scale AA.
Disability	Based on 1995-2000 experience for females and 2000-2005 experience for males. Recent experience has been consistent with prior studies..
Termination	Select and ultimate tables based on 2005-2010 experience. Separate tables are used for State and Political Subdivision employees, earning above or below \$20K, and gender.
Retirement	Based on 2005-2010 experience.
Spouse's Benefit	75% of male members and 60% of female members are assumed to be married and or to have a dependent beneficiary. Male members are assumed to be three (3) years older than their spouses and female members are assumed to be two (2) years younger than their spouses.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Summary of Major Actuarial Assumptions as of June 30, 2011 (Continued)

ASA Withdrawal For active members who are expected to terminate prior to becoming vested (before 10 years of service). 100% of such members withdraw their ASA balance immediately upon termination. For all other active members, 50% of such members withdraw their ASA balance immediately upon termination and 50% of such members annuitize their ASA balance upon commencement of their employer funded annuity benefit.

For inactive members who are not vested, 100% of such members withdraw their ASA balance immediately. For inactive members who are vested, 50% of such members withdraw their ASA balance immediately and 50% of such members annuitize their ASA balance upon commencement of their employer funded annuity benefit.

Change in Actual Assumptions and Methods

Future Salary Increases For the 6/30/2009 and 6/30/2010 valuations, a future salary increase of 4.0% per year was assumed.

Termination For the 6/30/2009 and 6/30/2010 valuations, the termination assumption was based on 2000-2005 experience.

Retirement For the 6/30/2009 and 6/30/2010 valuation, the retirement assumption was based on 200-2005 experience.

Spouse's Benefit For the 6/30/2009 and 6/30/2010 valuations, 90% of members were assumed to be married or to have a dependent beneficiary. Males were assumed to be three (3) years older than their spouses and females were assumed to be three (3) years younger than their spouses.

ASA Withdrawal For the 6/30/2009 and 6/30/2010 valuation, 100% of inactive members were assumed to withdraw their ASA balances immediately.

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.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Eligibility for Annuity Benefits

Normal Retirement	Earliest of: Age 65 with 10 years of creditable service; Age 60 with 15 years of creditable service; Age 55 with sum of age and creditable service equal to 85
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.

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.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Amount of Benefits (Continued)

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 prior to age 65.
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 Annuity Saving Account 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 the Annuity Savings Account are in addition to the benefits provided by employer contributions.

Changes in Plan Provisions

There have been no changes to the benefit provision since the prior valuation date.

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 Consumer Life Insurance Company; Life insurance is provided by Consumer Life Insurance Company.

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 4 - Other Notes (Continued)

4c. Economic Dependency

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

4d. Commitments and Contingencies

Commitments—Construction

At June 30, 2011, the Authority had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-08	\$ 207,063.00	\$ 207,063.00
CFP 501-09	212,078.00	190,801.06
CFP 501-10	270,376.00	140,375.49
Stimulus Grant 501-09	262,100.00	262,100.00
	<u>\$ 951,617.00</u>	<u>\$ 800,339.55</u>

Contingencies

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

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

Year Ended June 30, 2011

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>			
2011	Low Rent Program	14.850a	\$ <u>281,570.00</u>
<u>Low Income Public Housing Major - Direct Program</u>			
2011	Housing Choice Vouchers	14.871	\$ <u>1,333,811.00</u>
<u>Public and Indian Housing Nonmajor - Direct Program</u>			
2011	Capital Fund program	14.872	\$ <u>298,966.29</u>
<u>Public and Indian Housing Nonmajor - Direct Program</u>			
2011	Formula Capital Fund Stimulus Grant	14.885	\$ <u>57,899.18</u>
	Total		\$ <u>1,972,246.47</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.

EXHIBIT A
FINANCIAL DATE SCHEDULE

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
111 Cash - Unrestricted	\$135		\$105,155	\$105,290	
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted			\$122,561	\$122,561	
114 Cash - Tenant Security Deposits	\$8,908			\$8,908	
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$9,043	\$0	\$227,716	\$236,759	\$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$22,573		\$142	\$22,715	
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$82			\$82	
126 Accounts Receivable - Tenants	\$7,417			\$7,417	
126.1 Allowance for Doubtful Accounts -Tenants	-\$2,146			-\$2,146	
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery			\$4,468	\$4,468	
128.1 Allowance for Doubtful Accounts - Fraud			-\$446	-\$446	
129 Accrued Interest Receivable	\$353			\$353	
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$28,279	\$0	\$4,164	\$32,443	\$0
131 Investments - Unrestricted	\$152,572			\$152,572	
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$16,744		\$1,512	\$18,256	
143 Inventories	\$2,363			\$2,363	

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

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2011

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM
143.1 Allowance for Obsolete Inventories	-\$439			-\$439	
144 Inter Program Due From			\$4,269	\$4,269	-\$4,269
145 Assets Held for Sale					
150 Total Current Assets	\$208,562	\$0	\$237,661	\$446,223	-\$4,269
161 Land	\$917,432			\$917,432	
162 Buildings	\$4,808,437			\$4,808,437	
163 Furniture, Equipment & Machinery - Dwellings	\$119,543			\$119,543	
164 Furniture, Equipment & Machinery - Administration	\$252,070		\$32,028	\$284,098	
165 Leasehold Improvements	\$2,167,957			\$2,167,957	
166 Accumulated Depreciation	-\$4,313,235		-\$20,381	-\$4,333,616	
167 Construction in Progress	\$233,586			\$233,586	
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,185,790	\$0	\$11,647	\$4,197,437	\$0
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	\$4,185,790	\$0	\$11,647	\$4,197,437	\$0
190 Total Assets	\$4,394,352	\$0	\$249,308	\$4,643,660	-\$4,269
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$10,956		\$270	\$11,226	

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

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2011

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$3,888			\$3,888	
322 Accrued Compensated Absences - Current Portion	\$11,681		\$3,736	\$15,417	
324 Accrued Contingency Liability					
325 Accrued Interest Payable	\$93			\$93	
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects	\$3,316			\$3,316	
333 Accounts Payable - Other Government	\$51,124			\$51,124	
341 Tenant Security Deposits	\$936			\$936	
342 Deferred Revenues	\$14,745			\$14,745	
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	\$11,072		\$1,668	\$12,740	
347 Inter Program - Due To	\$4,269			\$4,269	-\$4,269
348 Loan Liability - Current					
310 Total Current Liabilities	\$112,080	\$0	\$5,674	\$117,754	-\$4,269
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$97,534			\$97,534	
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$3,366		\$824	\$4,190	
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$100,900	\$0	\$824	\$101,724	\$0

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

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2011

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
300 Total Liabilities	\$212,980	\$0	\$6,498	\$219,478	-\$4,269
508.1 Invested In Capital Assets, Net of Related Debt	\$4,073,511		\$11,647	\$4,085,158	
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets	\$107,861	\$0	\$122,561	\$122,561	
512.1 Unrestricted Net Assets			\$108,602	\$216,463	
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$4,181,372	\$0	\$242,810	\$4,424,182	\$0
600 Total Liabilities and Equity/Net Assets	\$4,394,352	\$0	\$249,308	\$4,643,660	-\$4,269

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Total
111 Cash - Unrestricted	\$105,290
112 Cash - Restricted - Modernization and Development	
113 Cash - Other Restricted	\$122,561
114 Cash - Tenant Security Deposits	\$8,908
115 Cash - Restricted for Payment of Current Liabilities	
100 Total Cash	\$236,759
121 Accounts Receivable - PHA Projects	
122 Accounts Receivable - HUD Other Projects	\$22,715
124 Accounts Receivable - Other Government	
125 Accounts Receivable - Miscellaneous	\$82
126 Accounts Receivable - Tenants	\$7,417
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,146
126.2 Allowance for Doubtful Accounts - Other	\$0
127 Notes, Loans, & Mortgages Receivable - Current	
128 Fraud Recovery	\$4,468
128.1 Allowance for Doubtful Accounts - Fraud	-\$446
129 Accrued Interest Receivable	\$353
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$32,443
131 Investments - Unrestricted	\$152,572
132 Investments - Restricted	
135 Investments - Restricted for Payment of Current Liability	
142 Prepaid Expenses and Other Assets	\$18,256
143 Inventories	\$2,363
143.1 Allowance for Obsolete Inventories	-\$439

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Total
144 Inter Program Due From	\$0
145 Assets Held for Sale	
150 Total Current Assets	\$441,954
161 Land	\$917,432
162 Buildings	\$4,808,437
163 Furniture, Equipment & Machinery - Dwellings	\$119,543
164 Furniture, Equipment & Machinery - Administration	\$284,098
165 Leasehold Improvements	\$2,167,957
166 Accumulated Depreciation	-\$4,333,616
167 Construction in Progress	\$233,586
168 Infrastructure	
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,197,437
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	\$4,197,437
190 Total Assets	\$4,639,391
311 Bank Overdraft	
312 Accounts Payable <= 90 Days	\$11,226
313 Accounts Payable >90 Days Past Due	

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Total
321 Accrued Wage/Payroll Taxes Payable	\$3,888
322 Accrued Compensated Absences - Current Portion	\$15,417
324 Accrued Contingency Liability	
325 Accrued Interest Payable	\$93
331 Accounts Payable - HUD PHA Programs	
332 Account Payable - PHA Projects	
333 Accounts Payable - Other Government	\$3,316
341 Tenant Security Deposits	\$51,124
342 Deferred Revenues	\$936
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	\$14,745
344 Current Portion of Long-term Debt - Operating Borrowings	
345 Other Current Liabilities	
346 Accrued Liabilities - Other	\$12,740
347 Inter Program - Due To	\$0
348 Loan Liability - Current	
310 Total Current Liabilities	\$113,485
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$97,534
352 Long-term Debt, Net of Current - Operating Borrowings	
353 Non-current Liabilities - Other	
354 Accrued Compensated Absences - Non Current	\$4,190
355 Loan Liability - Non Current	
356 FASB 5 Liabilities	
357 Accrued Pension and OPEB Liabilities	
350 Total Non-Current Liabilities	\$101,724

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

Fiscal Year End: 06/30/2011

Submission Type: Audited/A-133

	Total
300 Total Liabilities	\$215,209
508.1 Invested In Capital Assets, Net of Related Debt	\$4,085,158
509.2 Fund Balance Reserved	
511.2 Unreserved, Designated Fund Balance	
511.1 Restricted Net Assets	\$122,561
512.1 Unrestricted Net Assets	\$216,463
512.2 Unreserved, Undesignated Fund Balance	
513 Total Equity/Net Assets	\$4,424,182
600 Total Liabilities and Equity/Net Assets	\$4,639,391

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM
70300 Net Tenant Rental Revenue	\$324,828			\$324,828	
70400 Tenant Revenue - Other	\$14,825			\$14,825	
70500 Total Tenant Revenue	\$339,653	\$0	\$0	\$339,653	\$0
70600 HUD PHA Operating Grants	\$318,719	\$779	\$1,333,811	\$1,653,309	
70610 Capital Grants	\$261,817	\$57,120		\$318,937	
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	\$1,458		\$124	\$1,582	
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery			\$8,954	\$8,954	
71500 Other Revenue	\$7,901		\$1,349	\$9,250	
71600 Gain or Loss on Sale of Capital Assets	\$4,026			\$4,026	
72000 Investment Income - Restricted			\$194	\$194	
70000 Total Revenue	\$933,574	\$57,899	\$1,344,432	\$2,335,905	\$0
91100 Administrative Salaries	\$124,797		\$72,418	\$197,215	

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
91200 Auditing Fees	\$2,145		\$1,745	\$3,890	
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$265			\$265	
91500 Employee Benefit contributions - Administrative	\$48,218		\$23,261	\$71,479	
91600 Office Expenses	\$17,295		\$8,735	\$26,030	
91700 Legal Expense	\$57			\$57	
91800 Travel	\$3,150		\$773	\$3,923	
91810 Allocated Overhead					
91900 Other	\$16,705		\$10,809	\$27,514	
91000 Total Operating - Administrative	\$212,632	\$0	\$117,741	\$330,373	\$0
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$2,876			\$2,876	
92500 Total Tenant Services	\$2,876	\$0	\$0	\$2,876	\$0
93100 Water	\$4,768			\$4,768	
93200 Electricity	\$111,684			\$111,684	
93300 Gas	\$8,869			\$8,869	
93400 Fuel					
93500 Labor					
93600 Sewer	\$11,840			\$11,840	
93700 Employee Benefit Contributions - Utilities					

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
93800 Other Utilities Expense	\$600			\$600	
93000 Total Utilities	\$137,761	\$0	\$0	\$137,761	\$0
94100 Ordinary Maintenance and Operations - Labor	\$115,466			\$115,466	
94200 Ordinary Maintenance and Operations - Materials and Other	\$52,790			\$52,790	
94300 Ordinary Maintenance and Operations Contracts	\$47,653	\$779		\$48,432	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$34,114			\$34,114	
94000 Total Maintenance	\$250,023	\$779	\$0	\$250,802	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$32,508			\$32,508	
96120 Liability Insurance	\$2,308			\$2,308	
96130 Workmen's Compensation	\$5,315			\$5,315	
96140 All Other Insurance	\$9,212			\$9,212	
96100 Total insurance Premiums	\$49,343	\$0	\$0	\$49,343	\$0
96200 Other General Expenses			\$1,407	\$1,407	
96210 Compensated Absences	\$1,432		\$680	\$2,312	
96300 Payments in Lieu of Taxes	\$3,316			\$3,316	
96400 Bad debt - Tenant Rents	\$2,969			\$2,969	
96500 Bad debt - Mortgages					

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
96600 Bad debt - Other			\$3,544	\$3,544	
96800 Severance Expense					
96000 Total Other General Expenses	\$7,717	\$0	\$5,831	\$13,548	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$6,032			\$6,032	
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$6,032	\$0	\$0	\$6,032	\$0
96900 Total Operating Expenses	\$666,384	\$779	\$123,572	\$790,735	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$267,190	\$57,120	\$1,220,860	\$1,545,170	\$0
97100 Extraordinary Maintenance	\$13,500			\$13,500	
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$1,257,793	\$1,257,793	
97350 HAP Portability-In			\$1,256	\$1,256	
97400 Depreciation Expense	\$310,689		\$1,394	\$312,083	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$990,573	\$779	\$1,384,015	\$2,375,367	\$0
10010 Operating Transfer In	\$37,149			\$37,149	-\$37,149
10020 Operating transfer Out	-\$37,149			-\$37,149	\$37,149

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$56,999	\$57,120	-\$39,583	-\$39,462	\$0
11020 Required Annual Debt Principal Payments	\$14,037	\$0	\$0	\$14,037	
11030 Beginning Equity	\$4,181,251	\$0	\$282,393	\$4,463,644	
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$57,120	-\$57,120		\$0	
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity			\$120,249	\$120,249	
11180 Housing Assistance Payments Equity			\$122,561	\$122,561	
11190 Unit Months Available	1860		3672	5532	

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
11210 Number of Unit Months Leased	1842		3410	5252	
11270 Excess Cash	\$22,282			\$22,282	
11610 Land Purchases	\$0			\$0	
11620 Building Purchases	\$152,057			\$152,057	
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	
11640 Furniture & Equipment - Administrative Purchases	\$29,931			\$29,931	
11650 Leasehold Improvements Purchases	\$136,949			\$136,949	
11660 Infrastructure Purchases	\$0			\$0	
13510 CFFP Debt Service Payments	\$0			\$0	
13901 Replacement Housing Factor Funds	\$0			\$0	

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Total
70300 Net Tenant Rental Revenue	\$324,828
70400 Tenant Revenue - Other	\$14,825
70500 Total Tenant Revenue	\$339,653
70600 HUD PHA Operating Grants	\$1,653,309
70610 Capital Grants	\$318,937
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	\$1,582
71200 Mortgage Interest Income	
71300 Proceeds from Disposition of Assets: Held for Sale	
71310 Cost of Sale of Assets	
71400 Fraud Recovery	\$8,954
71500 Other Revenue	\$9,250
71600 Gain or Loss on Sale of Capital Assets	\$4,026
72000 Investment Income - Restricted	\$194
70000 Total Revenue	\$2,335,905
91100 Administrative Salaries	\$197,215
91200 Auditing Fees	\$3,890

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

Submission Type: Audited/A-133
 Fiscal Year End: 06/30/2011

	Total
91300 Management Fee	
91310 Book-keeping Fee	
91400 Advertising and Marketing	\$265
91500 Employee Benefit contributions - Administrative	\$71,479
91600 Office Expenses	\$26,030
91700 Legal Expense	\$57
91800 Travel	\$3,923
91810 Allocated Overhead	
91900 Other	\$27,514
91000 Total Operating - Administrative	\$330,373
92000 Asset Management Fee	
92100 Tenant Services - Salaries	
92200 Relocation Costs	
92300 Employee Benefit Contributions - Tenant Services	
92400 Tenant Services - Other	\$2,876
92500 Total Tenant Services	\$2,876
93100 Water	\$4,768
93200 Electricity	\$111,684
93300 Gas	\$8,869
93400 Fuel	
93500 Labor	
93600 Sewer	\$11,840
93700 Employee Benefit Contributions - Utilities	
93800 Other Utilities Expense	\$600

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Total
93000 Total Utilities	\$137,761
94100 Ordinary Maintenance and Operations - Labor	\$115,466
94200 Ordinary Maintenance and Operations - Materials and Other	\$52,790
94300 Ordinary Maintenance and Operations Contracts	\$48,432
94500 Employee Benefit Contributions - Ordinary Maintenance	\$34,114
94000 Total Maintenance	\$250,802
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
96110 Property Insurance	\$32,508
96120 Liability Insurance	\$2,308
96130 Workmen's Compensation	\$5,315
96140 All Other Insurance	\$9,212
96100 Total Insurance Premiums	\$49,343
96200 Other General Expenses	\$1,407
96210 Compensated Absences	\$2,312
96300 Payments in Lieu of Taxes	\$3,316
96400 Bad debt - Tenant Rents	\$2,969
96500 Bad debt - Mortgages	
96600 Bad debt - Other	\$3,544

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

Fiscal Year End: 06/30/2011

Submission Type: Audited/A-133

	Total
96800 Severance Expense	
96000 Total Other General Expenses	\$13,548
96710 Interest of Mortgage (or Bonds) Payable	\$6,032
96720 Interest on Notes Payable (Short and Long Term)	
96730 Amortization of Bond Issue Costs	
96700 Total Interest Expense and Amortization Cost	\$6,032
96900 Total Operating Expenses	\$790,735
97000 Excess of Operating Revenue over Operating Expenses	\$1,545,170
97100 Extraordinary Maintenance	\$13,500
97200 Casualty Losses - Non-capitalized	
97300 Housing Assistance Payments	\$1,257,793
97350 HAP Portability-In	\$1,256
97400 Depreciation Expense	\$312,083
97500 Fraud Losses	
97600 Capital Outlays - Governmental Funds	
97700 Debt Principal Payment - Governmental Funds	
97800 Dwelling Units Rent Expense	
90000 Total Expenses	\$2,375,367
10010 Operating Transfer In	\$0
10020 Operating transfer Out	\$0
10030 Operating Transfers from/to Primary Government	

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$39,462
11020 Required Annual Debt Principal Payments	\$14,037
11030 Beginning Equity	\$4,463,644
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$0
11050 Changes in Compensated Absence Balance	
11060 Changes in Contingent Liability Balance	
11070 Changes in Unrecognized Pension Transition Liability	
11080 Changes in Special Term/Severance Benefits Liability	
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	
11100 Changes in Allowance for Doubtful Accounts - Other	
11170 Administrative Fee Equity	\$120,249
11180 Housing Assistance Payments Equity	\$122,561
11190 Unit Months Available	5532
11210 Number of Unit Months Leased	5252

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

Fiscal Year End: 06/30/2011

Submission Type: Audited/A-133

	Total
11270 Excess Cash	\$22,282
11610 Land Purchases	\$0
11620 Building Purchases	\$152,057
11630 Furniture & Equipment - Dwelling Purchases	\$0
11640 Furniture & Equipment - Administrative Purchases	\$29,931
11650 Leasehold Improvements Purchases	\$136,949
11660 Infrastructure Purchases	\$0
13510 CFFP Debt Service Payments	\$0
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 financial statements of the New Castle Housing Authority, Indiana, (Authority) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 16, 2011. 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 *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.

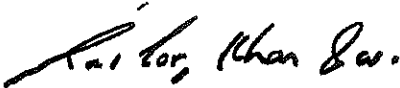
Compliance and Other Matters

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 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*.

Sailor

Khan & Co. LLC

This report is intended solely for the information and use 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
December 16, 2011

Khan & Co. LLC

**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
New Castle Housing Authority
New Castle, Indiana

Compliance

We have audited the New Castle Housing Authority, Indiana, (Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2011. 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 of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

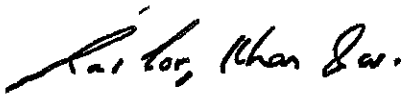
Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine our 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 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.

This report is intended solely 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
December 16, 2011

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS

June 30, 2011

The prior audit report for the year ended June 30, 2010 contained no significant deficiencies.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

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

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

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended June 30, 2011 disclosed no Financial Statement audit findings.

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended June 30, 2011 disclosed no Federal Awards audit findings.

ACTION PLAN

The current audit report for the year ended June 30, 2011 disclosed no audit findings and consequently there is no action plan.

QUESTIONED COSTS

None