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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, 2012 to June 30, 2013. 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, 2013 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, 2013
AND
REPORTS ON COMPLIANCE AND
ON INTERNAL CONTROL

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

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JUNE 30, 2013

SECTION I

AUDITOR'S REPORT
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Sailor
Khan & Co. LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
New Castle Housing Authority
New Castle, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the New Castle Housing Authority, Indiana, (Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the New Castle Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the New Castle Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New Castle Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Castle Housing Authority, as of June 30, 2013 and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

P.O. Box 16180, St. Louis, MO 63105 314-726-3308 Fax: 314-726-6308

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii through vi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Castle Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the remaining accompanying supplementary information including the Financial Data Schedule - HUD Prescribed Format are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above described supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2013 on our consideration of the New Castle Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the New Castle Housing Authority's internal control over financial reporting and compliance.

Sailor, Khan & Co.

Sailor, Khan & Co. LLC
November 7, 2013

Management's Discussion and Analysis (MD&A)
June 30, 2013
(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, 2013. 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, 2013 by $4,223,360 (Net Position).
- The PHA's net investment in Capital Assets as of June 30, 2013 was $3,834,616.
- The PHA's total revenue and contributions for the fiscal year end June 30, 2013 was $2,178,087.
- The PHA's total expenses for the fiscal year end June 30, 2013 was $2,423,332. Therefore, the PHA's expenses exceed its revenues and contributions by $245,245.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The following financial statements are included in this report:

- *Statement of Net Position* - 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 position of the PHA. A comparison between this year and the preceding year is also provided.

- *Statement of Revenue and Expenses and Change in Net Position* - 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 June 30, 2013 and is required to be included in the audit reporting package.

ANALYSIS OF FINANCIAL STATEMENTS:

Statements of Net Position
June 30,

	2013	2012	Dollar Change	Percent Change
Current and other assets	$ 482,570	$ 599,602	$ (117,032)	-19.5%
Capital assets	3,916,631	4,070,143	(153,512)	-3.8%
Total Assets	4,399,201	4,669,745	(270,544)	-5.8%
Current liabilities	100,091	117,584	(17,493)	-14.9%
Noncurrent liabilities	75,750	83,556	(7,806)	-9.3%
Total Liabilities	175,841	201,140	(25,299)	-12.6%
Net Assets				
Net investment in capital assets	3,834,616	3,972,636	(138,020)	-3.5%
Restricted for HAP	91,444	152,864	(61,420)	-40.2%
Unrestricted	297,300	343,105	(45,805)	-13.4%
Total Net Position	$ 4,223,360	$ 4,468,605	$ (245,245)	-5.5%

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table above, assets exceeded liabilities by $4,223,360 at the close of the year ended June 30, 2013 down from $4,468,605 in 2012.

With the implementation of GASB 63 restricted assets are no longer shown as a separate line item but as part of the total current assets. The decrease in current and other assets is due to a decrease in prepaid expenses. The decrease in restricted assets is due to a decrease in HAP revenue received for the year. The decrease in capital assets is due to a decrease in assets and depreciation. The current liabilities decreased due to decreases in accounts payable for services and materials, security deposits, accrued salaries, wages, and benefits, deferred revenue, and PILOT, but saw an increase in the current portion of the long term debt. The decrease in noncurrent liabilities is due to payment on the loan and the increase is in compensated absences.

The unrestricted net assets were $297,300 as of June 30, 2013. This amount may be used to meet the Authority's ongoing obligations. The Authority had $91,444 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.

ANALYSIS OF FINANCIAL STATEMENTS (CONTINUED):

Statements of Revenues, Expenses and Changes in Net Position June 30,

	2013	2012	Dollar Change	Percent Change
Revenues and Contributions				
Operating - non-operating -capital contributions:				
Rental revenue	$ 350,557	$ 356,987	$ (6,430)	-1.8%
HUD operating grants	1,659,755	1,851,589	(191,834)	-10.4%
Interest income	1,329	1,959	(630)	-32.2%
Capital Contributions	155,220	191,640	(36,420)	-19.0%
Gain (loss) on disposition of capital items	(4,751)	(3,725)	(1,026)	-27.5%
Other income	15,977	16,445	(468)	-2.8%
Total Revenues and Contributions	2,178,087	2,414,895	(236,808)	-9.8%
Expenses				
Personal services	421,041	406,514	14,527	3.6%
Utilities	149,352	141,266	8,086	5.7%
Operations and maintenance	106,614	84,596	22,018	26.0%
Insurance	55,619	49,001	6,618	13.5%
Payment in lieu of taxes	4,550	3,915	635	16.2%
Other supplies and expenses	77,990	71,637	6,353	8.9%
Housing assistance payments	1,286,506	1,283,409	3,097	0.2%
Interest expense	4,549	5,323	(774)	-14.5%
Depreciation	317,111	324,812	(7,701)	-2.4%
Total Expenses	2,423,332	2,370,473	52,859	2.2%
Change in net position	(245,245)	44,422	(289,667)	
Beginning net position	4,468,605	4,424,183	44,422	
Ending net position	$ 4,223,360	$ 4,468,605	$ (245,245)	

Total revenues and contributions decreased by $236,808 due to decreases in rental revenue, HUD operating grants, interest, and other income.

Total expenses increased by $52,859 due to increases in utilities, payment in lieu of taxes, other supplies and expenses, housing assistance payments, personal services, operations and maintenance, and insurance which were partially offset by decreases in depreciation expenses, and interest expense. Also an increased was seen in expenses due to having to deal with bed bug issues. The increase in utilities is due to higher rates. The increase in other supplies and expenses is due to increases in telephone, staff training, collection fees, membership dues, and other admin/sundry expenses. The increase in personal services is in salaries and benefits with a decrease in compensated absences. The increase in maintenance and operations is due to increases in heating/cooling, plumbing, and routine contracts with decreases in elevator, exterminating, garbage/trash, and other contracts. All insurance categories increased. The increase in housing assistance payments is due to higher payments passed through to landlords for rent.

BUDGETARY HIGHLIGHTS:

Low Rent Public Housing (Operations Only)

The Board approved budget anticipated an operating loss of $37,165. Actual result of operation was an operation loss before depreciation of $29,578, for a variance of $7,587.

CAPITAL ASSETS & LONG_TERM DEBT ACTIVITY DURING THE YEAR:

Capital Assets - The New Castle Housing Authority's capital assets, as of June 30, 2013 amounts to $3,916,631 (net of accumulated depreciation). The capital assets include land, buildings, improvements, equipment, and construction in progress.

Capital Assets
Net of Accumulated Depreciation
June 30,

	2013	2012	Dollar Change
Land	$ 917,432	$ 917,432	$ ----
Building	5,285,575	4,936,158	349,417
Furniture, equipment and machinery- dwelling	93,073	107,729	(14,656)
Furniture, equipment and machinery- administration	244,787	252,352	(7,565)
Leasehold improvements	2,169,889	2,206,858	(36,969)
Construction in progress	116,631	258,274	(141,643)
	8,827,387	8,678,803	148,584
Accumulated depreciation	4,910,756	4,608,660	302,096
Total	$ 3,916,631	$ 4,070,143	$ (153,512)

The total decrease in the Authority's capital assets for the current fiscal year was $153,512 or 3.8%. Actual expenditures to purchase equipment and construct capital assets were $235,908 for the year. The Authority has $7,803 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 $82,015 as of June 30, 2013. Additional information regarding the Housing Authority's 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 POSITION

June 30, 2013

ASSETS		
Current Assets:		
Cash and cash equivalents	$	189,773.39
Investments		155,652.56
Receivable - net of allowances:		
Accounts		10,179.17
Accrued interest		229.79
Inventory - net of allowances		13,539.93
Prepaid expenses		21,750.35
Restricted cash and cash equivalents		91,444.44
Total Current Assets		482,569.63
Capital assets:		
Land, improvements, and construction in progress		1,034,062.76
Other capital assets, net of depreciation		2,882,568.29
Total capital assets- net		3,916,631.05
Total Assets		4,399,200.68

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2013

LIABILITIES	
Current Liabilities:	
Accounts Payable	20,558.55
Accrued salaries, wages and benefits	1,775.65
Accrued compensated absences	9,833.39
Tenant security deposit liability	50,516.33
Interest payable	67.92
Current portion of long term debt	16,320.46
Unearned revenues	1,018.00
Total Current Liabilities	100,090.30
Noncurrent Liabilities:	
Long term debt	65,694.37
Accrued compensated absences	10,055.95
Total Noncurrent Liabilities	75,750.32
Total Liabilities	175,840.62
NET POSITION	
Net investment in capital assets	3,834,616.22
Restricted for:	
HAP	91,444.44
Unrestricted	297,299.40
Total Net Assets	$ 4,223,360.06

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

For Year Ended June 30, 2013

Operating Revenues:		
Rental revenue	$	350,557.27
Operating subsidies- HUD grants		1,659,754.78
Other revenues		15,977.49
Total operating revenues		2,026,289.54
Operating Expenses:		
Personal services		421,040.98
Utilities		149,352.09
Operations and maintenance		106,614.00
Insurance		55,618.59
Payment in lieu of taxes		4,550.04
Other supplies and expenses		77,989.80
Housing assistance payments		1,286,506.00
Depreciation		317,110.87
Total operating expenses		2,418,782.37
Operating income (loss)		(392,492.83)
Non-operating revenues (expenses):		
Interest and investment earnings		1,328.54
Interest expense		(4,549.07)
Gain (Loss) on sale of fixed assets		(4,750.83)
Net non-operating revenues (expenses)		(7,971.36)
Income (loss) before other revenues, expenses, gains, losses and transfers		(400,464.19)
Capital contributions		155,219.73
Change in net position		(245,244.46)
Net position at beginning of year		4,468,604.52
Net position at end of year	$	4,223,360.06

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF CASH FLOWS

For Year Ended June 30, 2013

Cash flows from operating activities:		
Cash received from tenants	$	354,931.59
Cash received from HUD grants- operating		1,659,890.73
Cash received from other operating activities		17,127.11
Cash payments for goods and services		(1,587,284.23)
Cash payments to employees-salaries		(318,201.66)
Cash payments for employee benefit contributions		(103,627.84)
Cash (payments) receipts for in lieu of property taxes		(3,915.47)
Net cash provided (used) by operating activities		18,920.23
Cash flows from capital and related financing activities:		
Capital contributions		162,150.35
Proceeds from sale of assets		67,557.95
Payments for capital assets		(235,651.43)
Principal paid on capital debt		(15,491.97)
Interest paid on capital debt		(4,588.83)
Net cash (used) for capital and related financing activities		(26,023.93)
Cash flows from investing activities:		
Proceeds from sale of (payments) for investments		(1,215.61)
Interest and dividends		1,345.20
Receipts (payments) from tenant security deposits		(643.31)
Net cash provided (used) from investing activities		(513.72)
Net increase (decrease) in cash and cash equivalents		(7,617.42)
Cash and cash equivalents at beginning of year		288,835.25
Cash and cash equivalents at end of year	$	281,217.83
Cash and cash equivalents	$	189,773.39
Restricted cash and cash equivalents		91,444.44
Total cash and cash equivalents at end of year	$	281,217.83
Noncash Investing, Capital and Financing Activities:		
Acquisition of capital assets on account	$	256.50

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended June 30, 2013

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (392,492.83)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	317,110.87
Allowance for doubtful accounts	1,587.97
Changes in assets and liabilities:	
Receivables	5,447.77
Inventory	(1,037.52)
Prepaid expenses	97,685.53
Accounts and other payables	(7,081.24)
Unearned revenues	(1,511.80)
Compensated absences	1,450.63
Accrued expenses	(2,239.15)
Net cash provided (used) by operating activities	$ 18,920.23

See notes to financial statements

NOTE 1 - Summary of Significant Accounting Policies

The New Castle Housing Authority (Authority) is a non-profit entity established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Authority complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1a. Financial Reporting Entity

The Housing Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Housing Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39, "The Financial Reporting Entity," and includes all component units, if any, of which the Housing Authority appointed a voting majority of the units' board; the Housing Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

1b. GASB Implementation

The Housing Authority has implemented the Governmental Accounting Standards Board (GASB) Statements number 62, 63 and 65 for those audits with financial statements for periods beginning after December 15, 2011.

The Housing Authority has no deferred outflows of resources or deferred inflows of resources.

1c. Basis of Presentation

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, net position, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1c. 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.

1d. 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 position (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 position.

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.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1e. Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the Statement of Net Position, "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, fraud recovery, accounts receivable-other, accrued interest receivable 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.

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.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

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 $500.00 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 Position, with accumulated depreciation reflected in the Statement of Net Position. 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 - 15	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.

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.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

Equity Classifications

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

a. Net investment in capital assets - 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 position - Consists of net position 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 position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

1f. 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 Position, all interfund transfers between individual programs, if any, have been eliminated.

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

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:

Revenue Source	*Legal Restrictions of Use*
Capital Fund Program	Modernization

For the year ended June 30, 2013, the Authority complied, in all material respects, with these revenue restrictions.

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, 2013, the Authority's bank balances of $298,675.07, 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, 2013, the Authority's investments were $155,652.56. 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.

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

3b. Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents as of June 30, 2013, are as follows:

Type of Restricted Assets	Cash Including Time Deposits	Investments	Total
Unspent HAP subsidy	$ 91,444.44	$ ----	$ 91,444.44
	$ 91,444.44	$ ----	$ 91,444.44

3c. Accounts Receivable

Receivables detail at June 30, 2013, is as follows:

Tenant accounts receivable	$ 8,188.93	
Allowance for doubtful accounts	(4,371.86)	
Tenants accounts receivable - net		$ 3,817.07
Fraud recovery	6,270.95	
Allowance for doubtful accounts	(435.91)	
Fraud recovery - net		5,835.04
Accounts receivable - HUD - capital fund		491.38
Accounts receivable - miscellaneous		35.68
		$ 10,179.17

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

3d. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	(Deductions)	Balance June 30, 2013
Land	$ 917,432.10	$ -----	$ -----	$ 917,432.10
Building	4,936,157.71	349,416.90	-----	5,285,574.61
Furniture, equipment and machinery-dwelling	107,729.12	11,703.00	(26,359.53)	93,072.59
Furniture, equipment and machinery-administration	252,351.73	16,431.37	(23,995.85)	244,787.25
Leasehold improvements	2,206,857.65	-----	(36,968.27)	2,169,889.38
Construction in progress	258,274.00	-----	(141,643.34)	116,630.66
	8,678,802.31	$ 377,551.27	$ (228,966.99)	8,827,386.59
Accumulated depreciation	4,608,659.54	$ 317,110.87	$ (15,014.87)	4,910,755.54
Total	$ 4,070,142.77			$ 3,916,631.05

3e. Accounts Payable

Payable detail at June 30, 2013, is as follows:

Accounts payable - vendors	$ 7,699.93
Accounts payable - HUD	135.95
Accounts payable - other government - PILOT	4,550.04
Accrued liabilities - other	8,172.63
	$ 20,558.55

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at June 30, 2013 is $19,889.34.

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

3g. Non-current Liabilities

As of June 30, 2013, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	$ 10,055.95
Total	$ 10,055.95

The following is a summary of changes in non-current liabilities for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Amounts Due within One Year
Accrued compensated absences	$ 1,569.57	$ 8,486.38	$ ----	$ 10,055.95	$ 9,833.39
Total	$ 1,569.57	$ 8,486.38	$ ----	$ 10,055.95	$ 9,833.39

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, 2013:

Type of Debt	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Amounts Due within One Year
Notes Payable	$ 81,986.71	$ ----	$ 16,292.34	$ 65,694.37	$ 16,320.46
Total	$ 81,986.71	$ ----	$ 16,292.34	$ 65,694.37	$ 16,320.46

Annual Debt Service Requirements

The annual debt service requirements to maturity for long-term debt as of June 30, 2010, are as follows:

Project/Loan #	Date of Note	Term of Note	Original Amount	Interest Rate	Current Balance
Low Rent #0009542751	1-24-06	12 years	$ 180,534.00	4.970%	$ 82,014.83

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
2014	$ 16,320.46	$ 3,760.34
2015	17,162.10	2,918.70
2016	18,042.05	2,038.75
2017	18,977.61	1,103.20
2018	11,512.61	195.32
Total	$ 82,014.83	$ 10,016.31

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, 2013 and census data as of June 30, 2013. 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, 2013, the Three Year Trend Information, and the Required Supplementary Information with the Schedule of Funding Progress.

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	$	27,690
B.	Interest of 6.75% on 6/30/2012 Net Pension Obligation		(1,327)
C.	Adjustment To Annual Required Contribution		1,545
D.	Annual Pension Costs = A + B + C		27,908
E.	Contributions Made 7/1/2012-6/30/2013		33,257
F.	Increase (Decrease) In Net Pension Obligation = D-E		(5,349)
G.	Net Pension Obligation, June 30, 2012		(19,660)
H.	**Net Pension Obligation, June 30, 2013 = F+ G**	$	(25,009)

Three Year Trend Information

	Annual Pension Cost (APC)	Employer Contribution	Percentage of APC Contributed	Net Pension Obligation
6-30-2011	$ 26,575	$ 24,698	93%	$ (23,115)
6-30-2012	28,316	24,861	88%	(19,660)
6-30-2013	27,908	33,257	119%	(25,009)

Required Supplementary Information

Valuation Date	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
6-30-2011	$ 245,561	$ 419,494	$ (173,933)	59%	$ 277,514	63%
6-30-2012	242,898	458,639	(215,741)	53%	279,002	77%
6-30-2013	291,683	486,596	(194,912)	60%	285,027	68%

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 with a 20% corridor

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 bases 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.

The Actuarial Accrued Liability ("AAL") for members with multiple current and/or historical employers is allocated pro rate to each respective employer based on the service the member accrued at each employer. In the event service at each employer is not included in the data, the AAL is allocated only amongst all respective employers

The Normal Cost for members with multiple current employers is allocated to each respective employers based on the salary the member earned at each employer. In the event salary at each employer is not included in the data, the Normal Cost is allocated evenly amongst all respective current employers.

Summary of Major Actuarial Assumptions as of June 30, 2013

Interest Rate/ Investment Return	6.75% (net of administrative and investment expenses) at 6/30/2013.
Interest on Member ASA Balances	3.0% per year.
Future Salary Increases	Age-based rates ranging from 3.25% - 4.5%, based on 2005-2010 experience.
Inflation	3.0% per year.

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Summary of Major Actuarial Assumptions as of June 30, 2013 (Continued)

Cost of Living Increases	An increase of 1.0% compounded annually 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	2013 IRS Static Mortality projected 5 years with scale AA.
Termination	5-year select and ultimate tables based on 2005-2010 experience. Separate rates are applied to State and Political Subdivision members, members with earning above or below $20K, and male and female members.
Disability	Age based rates based on 1995-200 experience for females and 2000-2005 experience for males. Recent experience has been consistent with prior studies..
Retirement	Age- and service-based on 2005-2010 experience.
Decrement Timing	Decrements are assumed to occur at the beginning of the year.
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.
ASA Withdrawal	Active members are assumed to withdraw their ASA balance immediately upon decrement. Inactive members, vested and non-vested, are assumed to withdraw their ASA balance immediately on the valuation date. Annuitization is assumed to occur at no costs to INPRS
Data Assumptions	Actives and inactives are assumed to be age 48 and 46, respectively. Spouse gender is assumed to be the opposite gender of the member. Retirees and disabled members that are not married and do not have a retirement option listed are assumed to elect a 5-year certain and life annuity. Retirees and disabled members that are married and do not have a retirement option listed are assumed to be receiving a 100% joint and survivor annuity. Beneficiaries that do not have a retirement option listed are assumed to receive monthly payments for life.

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Summary of Major Actuarial Assumptions as of June 30, 2013 (Continued)

Data Assumptions (Cont) Actives and inactives with a date of death who have not received a distribution of their ASA or commenced a pension annuity are included in the valuation as follows (provided in INPRS):

- For non-vested members, the ASA Balance is included in the valuation.
- For vested members, the ASA Balance is included in the valuation if one of the following is true.
  - Date of death is more than 3 years before valuation date.
  - Age of the member is greater than or equal to 65 with less than 10 years of creditable service.
  - Age of the member is less than or equal to 65 with less than 15 years of creditable service.
- If neither of the items listed above are met, the ASA Balances and estimated pension annuity are included in the valuation.

Change in Actual Assumptions and Methods

There have been no changes in the actuarial assumptions since the June 30, 2012 valuation.

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;
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.

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Eligibility for Annuity Benefits (Continued)

Disability Retirement	5 years of creditable service and qualified for Social Security disability benefits or Federal Civil Service disability benefits.
Termination	10 years of vesting service and no longer active (i.e. vested inactive)
Pre-Retirement Death	15 or more years of vesting service if death occurs in service. If death occurs after separating from service, age 50 with 15 or more years of vesting 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.

* 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.

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.
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.

NOTE 4 - Other Notes (Continued)

4a. Employee Retirement Plan (Continued)

Amount of Benefits (Continued)

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 Annuity Savings Account are in addition to the benefits provided by employer contributions.

Changes in Plan Provisions

In lieu of permanent cost-of-living adjustments to members benefits, 13th checks were granted to members in 2011, 2012 and 2013. The amount of each 13th check was based on a member's year of creditable service at retirement.

The liability associated with expected annuitization as ASA balances was eliminated as of June 30, 2013 due to the Board's decision to modify ASA annuitizaitons starting October 1, 2014.

Effective March 1, 2013, the ASA-Only Plan described above was made available to newly hired State employees

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 First Comp; Claims are administered by The Pfenninger Agency, Inc.
c. Physical property loss and natural disasters	Purchased commercial insurance with $5,000.00 deductibles.
d. Health and life	Purchased health insurance with Medical Mutual of Ohio; Life insurance is provided by Medical Mutual of Ohio.

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, 2013, the Authority had the following pending construction projects in progress:

	Funds Approved	Funds Expended - Project to Date
CFP 501-11	$ 184,871.00	$ 184,871.00
CFP 501-12	166,401.00	158,598.01
	$ 351,272.00	$ 343,469.01

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, 2013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year	Federal Grantor	Federal CFDA No.	Expenditures
	U.S. Department of HUD		
	Public and Indian Housing		
	Nonmajor - Direct Program		
2013	Low Rent Program	14.850a	$ 289,162.00
	Low Income Public Housing		
	Major - Direct Program		
2013	Housing Choice Vouchers	14.871	$ 1,352,632.00
	Public and Indian Housing		
	Nonmajor - Direct Program		
2013	Capital Fund program	14.872	$ 173,180.51
	Total		$ 1,814,974.51

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, 2013

1. Actual Capital Fund Program costs are as follows:

		CFP 501-10
Funds approved	$	210,376.00
Funds expended		210,376.00
Excess of Funds Approved	$	-----
Funds advanced	$	210,376.00
Funds expended		210,376.00
Excess (deficiency) of Funds Advanced	$	-----

2. The costs as shown on the Actual Cost Certificate dated May 3, 2013 submitted to HUD for approval is in agreement with the PHA's records as of June 30, 2013.

3. All costs have been paid and all related liabilities have been discharged through payments.

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: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	$2,561	$136,696	$139,257		$139,257
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		$91,444	$91,444		$91,444
114 Cash - Tenant Security Deposits	$50,516		$50,516		$50,516
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	$53,077	$228,140	$281,217	$0	$281,217
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	$491		$491		$491
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	$36		$36		$36
126 Accounts Receivable - Tenants	$8,189		$8,189		$8,189
126.1 Allowance for Doubtful Accounts -Tenants	-$4,372		-$4,372		-$4,372
126.2 Allowance for Doubtful Accounts - Other	$0		$0		$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		$6,271	$6,271		$6,271
128.1 Allowance for Doubtful Accounts - Fraud		-$436	-$436		-$436
129 Accrued Interest Receivable	$230		$230		$230
120 Total Receivables, Net of Allowances for Doubtful Accounts	$4,574	$5,835	$10,409	$0	$10,409
131 Investments - Unrestricted	$155,653		$155,653		$155,653
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	$18,795	$2,955	$21,750		$21,750
143 Inventories	$13,979		$13,979		$13,979

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories	-$439		-$439		-$439
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	$245,639	$236,930	$482,569	$0	$482,569
161 Land	$917,432		$917,432		$917,432
162 Buildings	$5,285,575		$5,285,575		$5,285,575
163 Furniture, Equipment & Machinery - Dwellings	$93,073		$93,073		$93,073
164 Furniture, Equipment & Machinery - Administration	$213,276	$31,512	$244,788		$244,788
165 Leasehold Improvements	$2,169,889		$2,169,889		$2,169,889
166 Accumulated Depreciation	-$4,886,611	-$24,145	-$4,910,756		-$4,910,756
167 Construction in Progress	$116,630		$116,630		$116,630
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	$3,909,264	$7,367	$3,916,631	$0	$3,916,631
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	$3,909,264	$7,367	$3,916,631	$0	$3,916,631
190 Total Assets	$4,154,903	$244,297	$4,399,200	$0	$4,399,200
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	$6,864	$836	$7,700		$7,700

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	$1,776		$1,776		$1,776
322 Accrued Compensated Absences - Current Portion	$7,686	$2,147	$9,833		$9,833
324 Accrued Contingency Liability					
325 Accrued Interest Payable	$68		$68		$68
331 Accounts Payable - HUD PHA Programs		$136	$136		$136
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	$4,550		$4,550		$4,550
341 Tenant Security Deposits	$50,516		$50,516		$50,516
342 Deferred Revenues	$1,018		$1,018		$1,018
343 Current Portion of Long-term Debt - Capital	$16,320		$16,320		$16,320
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	$8,173		$8,173		$8,173
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	$96,971	$3,119	$100,090	$0	$100,090
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	$65,694		$65,694		$65,694
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	$7,909	$2,147	$10,056		$10,056
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	$73,603	$2,147	$75,750	$0	$75,750

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
300 Total Liabilities	$170,574	$5,266	$175,840	$0	$175,840
508.1 Invested In Capital Assets, Net of Related Debt	$3,827,250	$7,367	$3,834,617		$3,834,617
511.1 Restricted Net Assets		$91,444	$91,444		$91,444
512.1 Unrestricted Net Assets	$157,079	$140,220	$297,299		$297,299
513 Total Equity/Net Assets	$3,984,329	$239,031	$4,223,360	$0	$4,223,360
600 Total Liabilities and Equity/Net Assets	$4,154,903	$244,297	$4,399,200	$0	$4,399,200

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 | Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$337,193		$337,193		$337,193
70400 Tenant Revenue - Other	$21,566		$21,566		$21,566
70500 Total Tenant Revenue	$358,759	$0	$358,759	$0	$358,759
70600 HUD PHA Operating Grants	$307,123	$1,352,632	$1,659,755		$1,659,755
70610 Capital Grants	$155,220		$155,220		$155,220
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			$0	$0	$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	$1,265	$64	$1,329		$1,329
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		$7,608	$7,608		$7,608
71500 Other Revenue	$7,925	$625	$8,550		$8,550
71600 Gain or Loss on Sale of Capital Assets	-$4,648	-$103	-$4,751		-$4,751
72000 Investment Income - Restricted					
70000 Total Revenue	$825,644	$1,360,826	$2,186,470	$0	$2,186,470
91100 Administrative Salaries	$128,206	$74,491	$202,697		$202,697

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
91200 Auditing Fees	$2,850	$2,450	$5,300		$5,300
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	$45,687	$22,759	$68,446		$68,446
91600 Office Expenses	$26,079	$15,745	$41,824		$41,824
91700 Legal Expense					
91800 Travel	$910	$1,283	$2,193		$2,193
91810 Allocated Overhead					
91900 Other	$16,942	$8,052	$24,994		$24,994
91000 Total Operating - Administrative	$220,674	$124,780	$345,454	$0	$345,454
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	$3,037		$3,037		$3,037
92500 Total Tenant Services	$3,037	$0	$3,037	$0	$3,037
93100 Water	$3,889		$3,889		$3,889
93200 Electricity	$122,929		$122,929		$122,929
93300 Gas	$7,672		$7,672		$7,672
93400 Fuel					
93500 Labor					
93600 Sewer	$13,167		$13,167		$13,167
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: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
93800 Other Utilities Expense	$1,695		$1,695		$1,695
93000 Total Utilities	$149,352	$0	$149,352	$0	$149,352
94100 Ordinary Maintenance and Operations - Labor	$113,267		$113,267		$113,267
94200 Ordinary Maintenance and Operations - Materials and	$54,744	$100	$54,844		$54,844
94300 Ordinary Maintenance and Operations Contracts	$51,770		$51,770		$51,770
94500 Employee Benefit Contributions - Ordinary Maintenance	$35,182		$35,182		$35,182
94000 Total Maintenance	$254,963	$100	$255,063	$0	$255,063
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	$35,614		$35,614		$35,614
96120 Liability Insurance					
96130 Workmen's Compensation	$4,496	$1,543	$6,039		$6,039
96140 All Other Insurance	$13,609	$357	$13,966		$13,966
96100 Total insurance Premiums	$53,719	$1,900	$55,619	$0	$55,619
96200 Other General Expenses	$75	$566	$641		$641
96210 Compensated Absences	$879	$572	$1,451		$1,451
96300 Payments in Lieu of Taxes	$4,550		$4,550		$4,550
96400 Bad debt - Tenant Rents	$8,202		$8,202		$8,202
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: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96600 Bad debt - Other		$180	$180		$180
96800 Severance Expense					
96000 Total Other General Expenses	$13,706	$1,318	$15,024	$0	$15,024
96710 Interest of Mortgage (or Bonds) Payable	$4,549		$4,549		$4,549
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	$4,549	$0	$4,549	$0	$4,549
96900 Total Operating Expenses	$700,000	$128,098	$828,098	$0	$828,098
97000 Excess of Operating Revenue over Operating Expenses	$125,644	$1,232,728	$1,358,372	$0	$1,358,372
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		$1,286,506	$1,286,506		$1,286,506
97350 HAP Portability-In					
97400 Depreciation Expense	$315,022	$2,089	$317,111		$317,111
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	$1,015,022	$1,416,693	$2,431,715	$0	$2,431,715
10010 Operating Transfer In	$17,961		$17,961	-$17,961	$0
10020 Operating transfer Out	-$17,961		-$17,961	$17,961	$0

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
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	-$189,378	-$55,867	-$245,245	$0	-$245,245
11020 Required Annual Debt Principal Payments	$15,492	$0	$15,492		$15,492
11030 Beginning Equity	$4,173,707	$294,898	$4,468,605		$4,468,605
11040 Prior Period Adjustments, Equity Transfers and Correction	$0		$0		$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		$147,587	$147,587		$147,587
11180 Housing Assistance Payments Equity		$91,444	$91,444		$91,444

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
11190 Unit Months Available	1860	3965	5825		5825
11210 Number of Unit Months Leased	1822	3581	5403		5403
11270 Excess Cash	$58,000		$58,000		$58,000
11610 Land Purchases	$0		$0		$0
11620 Building Purchases	$153,795		$153,795		$153,795
11630 Furniture & Equipment - Dwelling Purchases	$0		$0		$0
11640 Furniture & Equipment - Administrative Purchases	$1,425		$1,425		$1,425
11650 Leasehold Improvements Purchases	$0		$0		$0
11660 Infrastructure Purchases	$0		$0		$0
13510 CFFP Debt Service Payments	$0		$0		$0
13901 Replacement Housing Factor Funds	$0		$0		$0

SECTION III

REPORTS ON COMPLIANCE
AND
ON INTERNAL CONTROL

Sailor Certified Public Accountants
Khan & Co. LLC

Independent Auditor's 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the New Castle Housing Authority, Indiana, (Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise New Castle Housing Authority's basic financial statements, and have issued our report thereon dated November 7, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

P.O. Box 16180, St. Louis, MO 63105 314-726-3308 Fax: 314-726-6308

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sailor, Khan & Co.

Sailor, Khan & Co. LLC
November 7, 2013

**Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control over Compliance Required by OMB Circular A-133**

Board of Commissioners
New Castle Housing Authority
New Castle, Indiana

Report on Compliance for Each Major Federal Program

We have audited the New Castle Housing Authority, Indiana's 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 New Castle Housing Authority's major federal programs for the year ended June 30, 2013. The New Castle Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the New Castle Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the major federal programs occurred. An audit includes examining, on a test basis, evidence about the New Castle Housing 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 on compliance with each major program. However, our audit does not provide a legal determination of the New Castle Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the New Castle Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified above for the year ended June 30, 2013.

P.O. Box 16180, St. Louis, MO 63105 314-726-3308 Fax: 314-726-6308

Report on Internal Control Over Compliance

Management of the New Castle Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the New Castle Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *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 New Castle Housing 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 requirements 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 will not be /prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

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 *material weaknesses or significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Sailor, Khan & Co.

Sailor, Khan & Co. LLC
November 7, 2013

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS

June 30, 2013

The prior audit report for the year ended June 30, 2012 contained no significant deficiencies.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2013

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended June 30, 2013 disclosed no Financial Statement audit findings.

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended June 30, 2013 disclosed no Federal Awards audit findings.

ACTION PLAN

The current audit report for the year ended June 30, 2013 disclosed no audit findings and consequently there is no action plan.

QUESTIONED COSTS

None