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

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

June 20, 2014

Board of Directors  
Noblesville Housing Authority  
320 Kings Lane  
Noblesville, IN 46060

We have reviewed the audit report prepared by Jean Sickels, CPA, Independent Public Accountant, for the period January 1, 2010 to December 31, 2010. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Noblesville Housing Authority, as of December 31, 2010 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

# NOBLESVILLE HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

Noblesville, Indiana

December 31, 2010

*Jean Sickels*

Certified Public Accountant

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

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

NOBLESVILLE  
HOUSING AUTHORITY

Noblesville, Indiana  
DECEMBER 31, 2010

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# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Housing Authority of the City of Noblesville ("the Authority") as of and for the year ended December 31, 2010 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

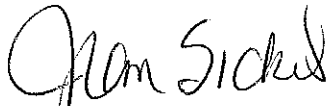
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Noblesville as of December 31, 2010, 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*, I have also issued my report dated June 10, 2011 on my consideration of the Housing Authority of the City of Noblesville's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

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

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

  
Certified Public Accountant

Fredericksburg, Indiana  
June 10, 2011

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010

**Introduction**

This Management Discussion and Analysis (MD&A) of the Noblesville Housing Authority (Authority) provides an introduction and overview of the financial statements of the Authority for the fiscal year ended December 31, 2010. The Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2010, to assist the reader in focusing on significant financial issues.

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

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

- ❖ The Housing Choice Voucher (HCV) Program provides rental assistance to aid low income families afford, decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment (HAP) to a landlord on behalf of the tenant. The Authority currently has a total of 185 baseline ACC units in addition to 29 port-in and 3 port-out units under HCV portability rules as of 12/31/2010. Funds are provided by the US Department of Housing & Urban Development (HUD) to provide HAP for participating families and administrative fee to the Authority for administrative cost of the program.
- ❖ Under an administrative contract the Authority administers a Community Development Block Grant (CDBG) Entitlement to and for Hamilton County, Indiana. Starting with FY 2010, Hamilton County will be the responsible entity for financial accounting and annual audit. The CDBG Program does reimburse NHA for expenses related to the administration of the program. Funding is divided into four strategies: improve the quality of housing stock through rehabilitation and repair of owner occupied units; provide critical infrastructure improvements to sidewalks and flood drains in six Cities and Towns; provide public service activities through-out the County to benefit low-moderate income persons; and to fund administrative cost.

**Overview of the Financial Statements**

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

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

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010  
(Continued)

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

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

**The Statement of Revenues, Expenses, and Changes in Net Assets** reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2010 to determine the change in net assets for the fiscal year.

**The Statement of Cash Flows** report cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2010.

**Financial Highlights**

- ❖ The Authority's total net assets increased from the December 31, 2009 balance of \$321,733 to the December 31, 2010 balance of \$424,069 an increase of \$102,336.
- ❖ The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$424,069 (net assets).
- ❖ The Authority had HUD operating grants of \$1,164,720, other operating income of \$241,212, and investment income of \$1,041 for the year ended December 31, 2010.

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010  
(Continued)

**Housing Authority Activities and Highlights**

The Noblesville Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2010 and December 31, 2009.

**Summary Statement of Net Assets**  
**December 31, 2010 and 2009:**

|                                     | <u>2010</u>       | <u>2009</u>       | <u>NET CHANGE</u>   |
|-------------------------------------|-------------------|-------------------|---------------------|
| <b>ASSETS</b>                       |                   |                   |                     |
| <b><u>Current Assets</u></b>        |                   |                   |                     |
| Cash – Unrestricted                 | \$ 85,088         | \$ 174,177        | \$ 89,089           |
| Cash – Restricted                   | 310,450           | 213,491           | ( 96,959)           |
| Accounts Receivable                 | 46,975            | 44,408            | (2,567)             |
| Prepaid expenses                    | <u>1,026</u>      | <u>359</u>        | <u>( 667)</u>       |
| <b>Current Assets</b>               | <u>443,539</u>    | <u>432,435</u>    | <u>(11,104)</u>     |
| <b><u>Capital Assets</u></b>        |                   |                   |                     |
| Land & other non-depreciable assets | 0                 | 0                 | 0                   |
| Depreciable capital assets, net     | <u>2,398</u>      | <u>36,039</u>     | <u>(33,641)</u>     |
| <b>Total capital Assets</b>         | <u>2,398</u>      | <u>36,039</u>     | <u>(33,641)</u>     |
| <b>TOTAL ASSETS</b>                 | <u>\$ 445,937</u> | <u>\$ 468,474</u> | <u>\$ ( 22,537)</u> |
| <b>LIABILITIES &amp; NET ASSETS</b> |                   |                   |                     |
| <b><u>Current Liabilities</u></b>   |                   |                   |                     |
| Current Liabilities                 | \$ 7426           | \$ 118,265        | \$ (110,839)        |
| Noncurrent Liabilities              | <u>14,442</u>     | <u>28,476</u>     | <u>(14,034)</u>     |
| <b>TOTAL LIABILITIES</b>            | <u>\$ 21,868</u>  | <u>\$ 146,741</u> | <u>\$ (124,873)</u> |
| <b><u>Net Assets</u></b>            |                   |                   |                     |
| Invested in Capital Asset           | \$ 2,398          | \$ 36,039         | \$ ( 33,641)        |
| Restricted                          | 299,149           | 200,818           | 98,331              |
| Unrestricted                        | <u>122,522</u>    | <u>84,876</u>     | <u>37,646</u>       |
| <b>TOTAL NET ASSETS</b>             | <u>\$ 424,069</u> | <u>\$ 321,733</u> | <u>\$ 102,336</u>   |

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010  
(Continued)

**Discussion of change in Net Assets:**

- \* Assets Cash - Unrestricted increase mainly due to the HAP and Administrative Fee for January 2011 being received prior to the year-end. This increase was decreased some by the exclusion of HAND Inc. as a component unit of NHA financial statements.
- \* Assets Accounts Receivable represents the amount due from the CDBG program which are reimbursed monthly to the Authority.
- \* Current Accounts Payable increased due to the same reason as Assets Cash.

**Summary Statement of Revenues & Expenses**

**And**

**Changes in Operating Income between December 31, 2010 and 2009:**

|                                 | 2010              | 2009               | NET CHANGE        |
|---------------------------------|-------------------|--------------------|-------------------|
| <b><u>REVENUES</u></b>          |                   |                    |                   |
| HUD Operating Grants            | \$ 1,164,720      | \$ 1,279,309       | \$ (114,589)      |
| Investment Income               | 1,041             | 916                | 125               |
| Fraud Recovery Income           | 8,038             | 15,146             | (7,108)           |
| Other Revenue                   | 244,069           | 225,561            | 18,508            |
| <b>TOTAL REVENUE</b>            | <b>1,417,868</b>  | <b>1,520,932</b>   | <b>(103,064)</b>  |
| <b><u>EXPENSES</u></b>          |                   |                    |                   |
| Operating Expenses              | 102,632           | 304,099            | (201,467)         |
| Housing Assistance Payments     | 1,211,270         | 1,225,489          | (14,219)          |
| Depreciation Expense            | 1,630             | 2,237              | (607)             |
| <b>TOTAL EXPENSES</b>           | <b>1,315,532</b>  | <b>1,531,825</b>   | <b>(216,293)</b>  |
| <b><u>Net Income (Loss)</u></b> | <b>\$ 102,336</b> | <b>\$ (10,893)</b> | <b>\$ 113,229</b> |

**Discussion of Changes in Revenues & Expenses:**

- \* HUD Operating Grants and Operating Expenses decrease from previous year due to the exclusion of CDBG.
- \* Housing Assistance Payments decrease approximately 9% from the previous year.

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010  
*(Continued)*

**Capital Assets**

There were no significant changes in the Authorities capital assets.

**Debt Administration**

The Authority has no debt.

**Request for Information**

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

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

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

**FINANCIAL STATEMENTS**

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

STATEMENT OF NET ASSETS  
DECEMBER 31, 2010

ASSETS

Current Assets

|                                      |                |
|--------------------------------------|----------------|
| Cash and cash equivalents            | \$ 85,088      |
| Restricted cash and cash equivalents | 310,450        |
| Accounts receivable, net             | 46,975         |
| Prepaid insurance                    | 1,026          |
| Total Current Assets                 | <u>443,539</u> |

Capital Assets:

|                                       |              |
|---------------------------------------|--------------|
| Land and other non-depreciable assets | 0            |
| Depreciable capital assets, net       | 2,398        |
| Total Capital Assets                  | <u>2,398</u> |

Total Assets 445,937

LIABILITIES

Current liabilities

|                           |              |
|---------------------------|--------------|
| Accounts payable          | 616          |
| Accrued liabilities       | 6,810        |
| Total Current Liabilities | <u>7,426</u> |

Noncurrent Liabilities

|  |               |
|--|---------------|
| Accrued compensated absences             | 3,141         |
| Other noncurrent liabilities, restricted | 11,301        |
| Total Noncurrent Liabilities             | <u>14,442</u> |

Total Liabilities 21,868

NET ASSETS

|                            |                   |
|----------------------------|-------------------|
| Invested in capital assets | 2,398             |
| Restricted                 | 299,149           |
| Unrestricted               | 122,522           |
| Total Net Assets           | <u>\$ 424,069</u> |

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

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010

OPERATING REVENUES

Other income \$ 241,212

TOTAL OPERATING REVENUE 241,212

OPERATING EXPENSES

Administrative 94,524

General expense 8,108

Housing assistance payments 1,211,270

Depreciation expense 1,630

TOTAL OPERATING EXPENSES 1,315,532

OPERATING INCOME (LOSS) (1,074,320)

NONOPERATING REVENUES

Federal operating grants 1,164,720

Gain on the sale of capital assets 10,895

Interest income 1,041

TOTAL NONOPERATING REVENUES 1,176,656

CHANGE IN NET ASSETS 102,336

NET ASSETS - BEGINNING OF YEAR 321,733

NET ASSETS, END OF YEAR \$ 424,069

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

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

|  |    |                    |
|--|----|--------------------|
| Receipts from tenants and other deposits | \$ | 147,159            |
| Payments to vendors                      |    | (59,576)           |
| Payments to landlords                    |    | (1,211,270)        |
| Payments to employees                    |    | (77,110)           |
| Net Cash Used by Operating Activities    |    | <u>(1,200,797)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

|  |  |                  |
|--|--|------------------|
| Federal operating grants received                                    |  | <u>1,164,720</u> |
| Net Cash Flows Provided (Used)<br>by Noncapital Financing Activities |  | <u>1,164,720</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|   |  |               |
|---|--|---------------|
| Loss on removal of assets   |  | 10,895        |
| Acquisition and construction of capital assets                                |  | <u>32,011</u> |
| Net Cash Flows Provided (Used)<br>by Capital and Related Financing Activities |  | <u>42,906</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

|  |  |              |
|--|--|--------------|
| Interest income                                    |  | <u>1,041</u> |
| Net Cash Provided (Used) from Investing Activities |  | <u>1,041</u> |

Net Increase (Decrease) in Cash and Cash Equivalents 7,870

Cash - Beginning of year 387,668

Cash - End of year \$ 395,538

|                                 |    |                       |
|---------------------------------|----|-----------------------|
| Reconciliation of Cash          |    |                       |
| Unrestricted                    | \$ | 85,088                |
| Restricted                      |    | <u>310,450</u>        |
| Total Cash and Cash Equivalents | \$ | <u><u>395,538</u></u> |

Continued

NOBLESVILLE HOUSING AUTHORITY  
NOBLESVILLE, INDIANA

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

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

|   |                       |
|---|-----------------------|
| Operating income (loss)   | \$ (1,074,320)        |
| Adjustments to reconcile net operating income to net cash provided by operating activities: |                       |
| Depreciation  | 1,630                 |
| Changes in operating assets and liabilities:  |                       |
| (Increase) Decrease in:   |                       |
| Accounts receivable   | (2,567)               |
| Prepaid expenses  | (667)                 |
| Increase (Decrease) in:   |                       |
| Accounts payable  | (1,926)               |
| Accrued liabilities   | (28,894)              |
| Deferred revenue  | (94,053)              |
| Net Cash Flows Provided (Used) by Operating Activities                                      | \$ <u>(1,200,797)</u> |

The accompanying notes are an integral part of these financial statements

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE A - Summary of Significant Accounting Policies:

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

The NOBLESVILLE HOUSING AUTHORITY is a political subdivision both corporate and politic which was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of the Housing Choice Voucher program formally referred to as the Section 8 program (Contract No. C-2056) and the Community Development Block Grant Entitlement to Hamilton County, Indiana (Contract No. C-2066).

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Noblesville Housing Authority, a primary government.

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

The Authority had 185 Housing Choice Voucher units in management at December 31, 2010.

Basis of Presentation

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

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

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

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

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

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

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

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

Restricted - Net assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service. The Authority has restricted funds totaling \$175,881 that represents excess HAP grant funding provided by the Department of Housing & Urban Development for the sole purpose of providing assistance payments to eligible individuals through the Housing Choice Voucher Program. This amount represents the total amount of excess Authority to retain these funds for future housing assistance payments. The requirements imposed by HUD represent a legally enforceable requirement upon this program.

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

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

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

(Continued)

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

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

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

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

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

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

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond December 31, 2010.

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

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

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

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

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

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

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

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

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

1. HUD Deposit Restrictions

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

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

(Continued)

NOTE B - Deposits, Cash and Cash Equivalents, and Investments: (Continued)

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At year end, all the Authority's deposits and investments were either available on demand or have maturities of less than two years.

B. **Credit Risk:** This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

At December 31, 2010, the carrying amount of the Authority's deposits was \$397,659. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement.

Deposits consist of the following:

|                               |                   |
|-------------------------------|-------------------|
| Checking and Savings accounts | <u>\$ 395,538</u> |
|-------------------------------|-------------------|

Restricted cash consists of the following:

|                                  |                |
|----------------------------------|----------------|
| Section 8 HAP                    | \$ 175,881     |
| McKinney Act Refunding Agreement | <u>134,569</u> |

|       |                   |
|-------|-------------------|
| Total | <u>\$ 310,450</u> |
|-------|-------------------|

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2010, consist of the following:

|                                      |               |
|--------------------------------------|---------------|
| Accounts receivable - HUD            | \$ 24,945     |
| Accounts receivable - fraud recovery | 11,115        |
| Accounts receivable miscellaneous    | <u>10,915</u> |

|       |                  |
|-------|------------------|
| Total | <u>\$ 46,975</u> |
|-------|------------------|

NOTE D - Prepaid expenses:

Prepaid expenses at December 31, 2010, consist of the following:

|                                |                 |
|--------------------------------|-----------------|
| Prepaid insurance and expenses | <u>\$ 1,026</u> |
|--------------------------------|-----------------|

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

|  | Beginning<br>Balance<br><u>12/31/09</u> | Increases         | Decreases          | Ending<br>Balance<br><u>12/31/10</u> |
|--|---|-------------------|--------------------|--------------------------------------|
| Land   | \$ 0                                    | \$ 0              | \$ 0               | \$ 0                                 |
| Construction in Progress                     | <u>0</u>                                | <u>0</u>          | <u>0</u>           | <u>0</u>                             |
| Total Land and non-depreciable assets        | <u>0</u>                                | <u>0</u>          | <u>0</u>           | <u>0</u>                             |
| Capital Assets, being depreciated: Buildings | 33,268                                  | 0                 | (33,268)           | 0                                    |
| Furniture, Equipment & Machinery             | <u>18,122</u>                           | <u>0</u>          | <u>0</u>           | <u>18,122</u>                        |
| Total  | <u>51,390</u>                           | <u>0</u>          | <u>(33,268)</u>    | <u>18,122</u>                        |
| Less Accumulated Depreciation:               | <u>(15,351)</u>                         | <u>(1,630)</u>    | <u>1,257</u>       | <u>(15,724)</u>                      |
| Total Capital Assets, being depreciated      | <u>36,039</u>                           | <u>(1,630)</u>    | <u>(32,011)</u>    | <u>2,398</u>                         |
| Capital Assets, Net                          | <u>\$ 36,039</u>                        | <u>\$ (1,630)</u> | <u>\$ (32,011)</u> | <u>\$ 2,398</u>                      |

For the year ended December 31, 2010, depreciation expense in the amount of \$1,630 was recorded.

NOTE F - Accounts payable:

Accounts payable at December 31, 2010, consist of the following:

|                            |               |
|----------------------------|---------------|
| Accounts payable - Vendors | <u>\$ 616</u> |
|----------------------------|---------------|

NOTE G - Accrued Liabilities:

Accrued Liabilities at December 31, 2010, consist of the following:

|                                    |                 |
|------------------------------------|-----------------|
| Accrued Wage/Payroll Taxes Payable | \$ 4,641        |
| Accrued Compensated absences       | <u>2,169</u>    |
| Total                              | <u>\$ 6,810</u> |

NOTE H - Noncurrent Liabilities:

Noncurrent liabilities at December 31, 2010, consist of the following:

|                              | <u>12/31/09</u>  | Additions   | Decreases          | <u>12/31/10</u> |
|------------------------------|------------------|-------------|--------------------|-----------------|
| Accrued compensated absences | <u>\$ 15,803</u> | <u>\$ 0</u> | <u>\$ (12,662)</u> | <u>\$ 3,141</u> |

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)

NOTE I - Other Noncurrent Liabilities:

Restricted assets at December 31, 2010, consist of the following:

|  | <u>12/31/09</u>  | <u>Additions</u> | <u>Decreases</u>  | <u>12/31/10</u>  |
|--|------------------|------------------|-------------------|------------------|
| Family Self Sufficiency<br>Escrow Accounts | <u>\$ 12,673</u> | <u>\$ _____0</u> | <u>\$ (1,372)</u> | <u>\$ 11,301</u> |

NOTE J - Federal Operating Grants:

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

|                        |                     |
|------------------------|---------------------|
| Housing Choice Voucher | <u>\$ 1,164,720</u> |
|------------------------|---------------------|

NOTE K - Commitments and Contingencies:

Examinations: The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended December 31, 2010.

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

NOTE L - Risk Management:

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

NOTE M - Pension Plan:

Plan Description

The Authority contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Authority the right to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

(Continued)

NOTE M - Pension Plan: (Continued)

Plan Description (Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting: Public Employees' Retirement Fund  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (317) 233-4162

The Authority's contributions were calculated using the base salary amount of \$195,746 for participating employees. During the year ended December 31, 2010, the Authority's required and actual contributions amounted to \$15,660, and the employees contributed \$5,872.

**Basis of Accounting**

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

**Valuation of Investments**

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

NOTE N - Economic Dependency:

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

**SUPPLEMENTAL FINANCIAL INFORMATION**

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

COMBINING SCHEDULE OF PROGRAM NET ASSETS  
DECEMBER 31, 2010

|  | <u>ACC</u>                |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
|  | <u>C - 2056</u>           |                           |                           |
|  | Section 8                 |                           |                           |
|  | Housing                   |                           |                           |
|  | Choice                    | State /                   |                           |
|  | Vouchers                  | Local                     | Total                     |
|  | <u>          </u>         | <u>          </u>         | <u>          </u>         |
| <b><u>ASSETS</u></b>                     |                           |                           |                           |
| <b><u>Current Assets</u></b>             |                           |                           |                           |
| Cash and cash equivalents                | \$ 15,550                 | \$ 69,538                 | \$ 85,088                 |
| Restricted cash and cash equivalents     | 175,881                   | 134,569                   | 310,450                   |
| Accounts receivable, net                 | 46,975                    | 0                         | 46,975                    |
| Prepaid insurance                        | 1,026                     | 0                         | 1,026                     |
| <b>Total Current Assets</b>              | <b><u>239,432</u></b>     | <b><u>204,107</u></b>     | <b><u>443,539</u></b>     |
| <br><b><u>Capital Assets:</u></b>        |                           |                           |                           |
| Land and other non-depreciable assets    | 0                         | 0                         | 0                         |
| Depreciable capital assets, net          | 2,398                     | 0                         | 2,398                     |
| <b>Total Capital Assets</b>              | <b><u>2,398</u></b>       | <b><u>0</u></b>           | <b><u>2,398</u></b>       |
| <br><b>Total Assets</b>                  | <br><b><u>241,830</u></b> | <br><b><u>204,107</u></b> | <br><b><u>445,937</u></b> |
| <br><b><u>LIABILITIES</u></b>            |                           |                           |                           |
| <b><u>Current liabilities</u></b>        |                           |                           |                           |
| Accounts payable                         | 616                       | 0                         | 616                       |
| Accrued liabilities                      | 6,810                     | 0                         | 6,810                     |
| <b>Total Current Liabilities</b>         | <b><u>7,426</u></b>       | <b><u>0</u></b>           | <b><u>7,426</u></b>       |
| <br><b><u>Noncurrent Liabilities</u></b> |                           |                           |                           |
| Accrued compensated absences             | 3,141                     | 0                         | 3,141                     |
| Other noncurrent liabilities, restricted | 11,301                    | 0                         | 11,301                    |
| <b>Total Noncurrent Liabilities</b>      | <b><u>14,442</u></b>      | <b><u>0</u></b>           | <b><u>14,442</u></b>      |
| <br><b>Total Liabilities</b>             | <br><b><u>21,868</u></b>  | <br><b><u>0</u></b>       | <br><b><u>21,868</u></b>  |
| <br><b><u>NET ASSETS</u></b>             |                           |                           |                           |
| Invested in capital assets               | 2,398                     | 0                         | 2,398                     |
| Restricted                               | 164,580                   | 134,569                   | 299,149                   |
| Unrestricted                             | 52,984                    | 69,538                    | 122,522                   |
| <b>Total Net Assets</b>                  | <b><u>\$ 219,962</u></b>  | <b><u>\$ 204,107</u></b>  | <b><u>\$ 424,069</u></b>  |

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010

|  | ACC                |                   |                    |
|--|--------------------|-------------------|--------------------|
|  | C - 2056           |                   |                    |
|  | Section 8          |                   |                    |
|  | Housing            |                   |                    |
|  | Choice             | State /           |                    |
|  | Vouchers           | Local             | Total              |
|  |                    |                   |                    |
| <u>OPERATING REVENUES</u>                                    |                    |                   |                    |
| Other income   | \$ 241,140         | \$ 72             | \$ 241,212         |
| <br>   |                    |                   |                    |
| <b>TOTAL OPERATING REVENUE</b>                               | <b>241,140</b>     | <b>72</b>         | <b>241,212</b>     |
| <br>   |                    |                   |                    |
| <u>OPERATING EXPENSES</u>                                    |                    |                   |                    |
| Administrative   | 93,927             | 597               | 94,524             |
| General expense  | 8,108              | 0                 | 8,108              |
| Housing assistance payments                                  | 1,211,270          | 0                 | 1,211,270          |
| Depreciation expense   | 1,260              | 370               | 1,630              |
| <br>   |                    |                   |                    |
| <b>TOTAL OPERATING EXPENSES</b>                              | <b>1,314,565</b>   | <b>967</b>        | <b>1,315,532</b>   |
| <br>   |                    |                   |                    |
| OPERATING INCOME (LOSS)                                      | <b>(1,073,425)</b> | <b>(895)</b>      | <b>(1,074,320)</b> |
| <br>   |                    |                   |                    |
| <u>NONOPERATING REVENUES (EXPENSES)</u>                      |                    |                   |                    |
| Federal operating grants                                     | 1,164,720          | 0                 | 1,164,720          |
| Gain on the sale of capital assets                           | 0                  | 10,895            | 10,895             |
| Interest income  | 431                | 610               | 1,041              |
| <br>   |                    |                   |                    |
| <b>TOTAL NONOPERATING REVENUES</b>                           | <b>1,165,151</b>   | <b>11,505</b>     | <b>1,176,656</b>   |
| <br>   |                    |                   |                    |
| <b>CHANGE IN NET ASSETS</b>                                  | <b>91,726</b>      | <b>10,610</b>     | <b>102,336</b>     |
| <br>   |                    |                   |                    |
| TOTAL NET ASSETS - BEGINNING OF YEAR<br>as originally stated | 120,467            | 201,266           | 321,733            |
| Prior period adjustments and transfers                       | 7,769              | (7,769)           | 0                  |
| TOTAL NET ASSETS - BEGINNING OF YEAR<br>as restated          | 128,236            | 193,497           | 321,733            |
| <br>   |                    |                   |                    |
| <b>NET ASSETS, END OF YEAR</b>                               | <b>\$ 219,962</b>  | <b>\$ 204,107</b> | <b>\$ 424,069</b>  |

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

SCHEDULE OF MCKINNEY BOND REFINANCING RECEIPTS AND EXPENDITURES

DECEMBER 31, 2010

|                                      | Total<br>Balance  | Unrestricted<br>Balance | Restricted<br>Balance |
|--------------------------------------|-------------------|-------------------------|-----------------------|
| Audited Balance at December 31, 2006 | \$ 207,433        | \$ 53,694               | \$ 153,739            |
| Funds received                       | 0                 | 0                       | 0                     |
| Interest earnings                    | 2,755             | 713                     | 2,042                 |
| Funds expended                       | 51,344            | 51,344                  | 0                     |
| Balance at December 31, 2007         | <u>\$ 158,844</u> | <u>\$ 3,063</u>         | <u>\$ 155,781</u>     |
| Audited Balance at December 31, 2007 | \$ 158,844        | \$ 3,063                | \$ 155,781            |
| Funds received                       | 55,706            | 0                       | 55,706                |
| Interest earnings                    | 1,366             | 26                      | 1,340                 |
| Funds expended                       | 3,502             | 2,350                   | 1,152                 |
| Balance at December 31, 2008         | <u>\$ 212,414</u> | <u>\$ 739</u>           | <u>\$ 211,675</u>     |
| Audited Balance at December 31, 2008 | \$ 212,414        | \$ 739                  | \$ 211,675            |
| Funds received                       | 0                 | 0                       | 0                     |
| Interest earnings                    | 309               | 1                       | 308                   |
| Funds expended                       | 43,767            | 0                       | 43,767                |
| Balance at December 31, 2009         | <u>\$ 168,956</u> | <u>\$ 741</u>           | <u>\$ 168,215</u>     |
| Audited Balance at December 31, 2009 | \$ 168,956        | \$ 741                  | \$ 168,215            |
| Funds received                       | 10,967            | 10,967                  | 0                     |
| Interest earnings                    | 610               | 209                     | 401                   |
| Funds expended                       | 597               | 0                       | 597                   |
| Balance at December 31, 2010         | <u>\$ 181,130</u> | <u>\$ 11,917</u>        | <u>\$ 169,213</u>     |

Housing Authority of the City of Noblesville (IN080)

Noblesville, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

|   | 14,871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal  | Total     |
|---|-----------------------------------|---------------|-----------|-----------|
| 111 Cash - Unrestricted   | \$15,550                          | \$69,538      | \$85,088  | \$85,088  |
| 112 Cash - Restricted - Modernization and Development             |                                   |               |           |           |
| 113 Cash - Other Restricted                                       | \$175,881                         | \$134,569     | \$310,450 | \$310,450 |
| 114 Cash - Tenant Security Deposits                               |                                   |               |           |           |
| 115 Cash - Restricted for Payment of Current Liabilities          |                                   |               |           |           |
| 100 Total Cash  | \$191,431                         | \$204,107     | \$395,538 | \$395,538 |
| 121 Accounts Receivable - PHA Projects                            | \$8,179                           |               | \$8,179   | \$8,179   |
| 122 Accounts Receivable - HUD Other Projects                      |                                   |               |           |           |
| 124 Accounts Receivable - Other Government                        | \$24,945                          |               | \$24,945  | \$24,945  |
| 125 Accounts Receivable - Miscellaneous                           | \$2,736                           |               | \$2,736   | \$2,736   |
| 126 Accounts Receivable - Tenants                                 |                                   |               |           |           |
| 126.1 Allowance for Doubtful Accounts - Tenants                   |                                   |               |           |           |
| 126.2 Allowance for Doubtful Accounts - Other                     | \$0                               |               | \$0       | \$0       |
| 127 Notes, Loans, & Mortgages Receivable - Current                |                                   |               |           |           |
| 128 Fraud Recovery  | \$11,115                          |               | \$11,115  | \$11,115  |
| 128.1 Allowance for Doubtful Accounts - Fraud                     | \$0                               |               | \$0       | \$0       |
| 129 Accrued Interest Receivable                                   |                                   |               |           |           |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts    | \$46,975                          | \$0           | \$46,975  | \$46,975  |
| 131 Investments - Unrestricted                                    |                                   |               |           |           |
| 132 Investments - Restricted                                      |                                   |               |           |           |
| 135 Investments - Restricted for Payment of Current Liability     |                                   |               |           |           |
| 142 Prepaid Expenses and Other Assets                             | \$1,026                           |               | \$1,026   | \$1,026   |
| 143 Inventories   |                                   |               |           |           |
| 143.1 Allowance for Obsolete Inventories                          |                                   |               |           |           |
| 144 Inter Program Due From  |                                   |               |           |           |
| 145 Assets Held for Sale  |                                   |               |           |           |
| 150 Total Current Assets  | \$239,432                         | \$204,107     | \$443,539 | \$443,539 |
| 161 Land  |                                   |               |           |           |
| 162 Buildings   |                                   |               |           |           |
| 163 Furniture, Equipment & Machinery - Dwellings                  |                                   |               |           |           |
| 164 Furniture, Equipment & Machinery - Administration             | \$18,122                          |               | \$18,122  | \$18,122  |
| 165 Leasehold Improvements  |                                   |               |           |           |
| 166 Accumulated Depreciation                                      | -\$15,724                         |               | -\$15,724 | -\$15,724 |
| 167 Construction in Progress                                      |                                   |               |           |           |
| 168 Infrastructure  |                                   |               |           |           |
| 160 Total Capital Assets, Net of Accumulated Depreciation         | \$2,398                           | \$0           | \$2,398   | \$2,398   |
| 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                                      | \$2,398                           | \$0           | \$2,398   | \$2,398   |
| 190 Total Assets  | \$241,830                         | \$204,107     | \$445,937 | \$445,937 |

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| 311 Bank Overdraft  |           |           |           |           |
| 312 Accounts Payable <= 90 Days   | \$616     |           | \$616     | \$616     |
| 313 Accounts Payable >90 Days Past Due  |           |           |           |           |
| 321 Accrued Wage/Payroll Taxes Payable  | \$4,641   |           | \$4,641   | \$4,641   |
| 322 Accrued Compensated Absences - Current Portion                              | \$2,169   |           | \$2,169   | \$2,169   |
| 324 Accrued Contingency Liability   |           |           |           |           |
| 325 Accrued Interest Payable  |           |           |           |           |
| 331 Accounts Payable - HUD PHA Programs   |           |           |           |           |
| 332 Account Payable - PHA Projects  |           |           |           |           |
| 333 Accounts Payable - Other Government   |           |           |           |           |
| 341 Tenant Security Deposits  |           |           |           |           |
| 342 Deferred Revenues   |           |           |           |           |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds |           |           |           |           |
| 344 Current Portion of Long-term Debt - Operating Borrowings                    |           |           |           |           |
| 345 Other Current Liabilities   |           |           |           |           |
| 346 Accrued Liabilities - Other   |           |           |           |           |
| 347 Inter Program - Due To  |           |           |           |           |
| 348 Loan Liability - Current  |           |           |           |           |
| 310 Total Current Liabilities   | \$7,426   | \$0       | \$7,426   | \$7,426   |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue          |           |           |           |           |
| 352 Long-term Debt, Net of Current - Operating Borrowings                       |           |           |           |           |
| 353 Non-current Liabilities - Other   | \$11,301  |           | \$11,301  | \$11,301  |
| 354 Accrued Compensated Absences - Non Current                                  | \$3,141   |           | \$3,141   | \$3,141   |
| 355 Loan Liability - Non Current  |           |           |           |           |
| 356 FASB 5 Liabilities  |           |           |           |           |
| 357 Accrued Pension and OPEB Liabilities  |           |           |           |           |
| 350 Total Non-Current Liabilities   | \$14,442  | \$0       | \$14,442  | \$14,442  |
| 300 Total Liabilities   | \$21,868  | \$0       | \$21,868  | \$21,868  |
| 508.1 Invested In Capital Assets, Net of Related Debt                           | \$2,398   |           | \$2,398   | \$2,398   |
| 509.2 Fund Balance Reserved   |           |           |           |           |
| 511.2 Unreserved, Designated Fund Balance                                       |           |           |           |           |
| 511.1 Restricted Net Assets   | \$164,580 | \$134,569 | \$299,149 | \$299,149 |
| 512.1 Unrestricted Net Assets   | \$52,984  | \$69,538  | \$122,522 | \$122,522 |
| 512.2 Unreserved, Undesignated Fund Balance                                     |           |           |           |           |
| 513 Total Equity/Net Assets   | \$219,962 | \$204,107 | \$424,069 | \$424,069 |
| 600 Total Liabilities and Equity/Net Assets                                     | \$241,830 | \$204,107 | \$445,937 | \$445,937 |

Housing Authority of the City of Noblesville (IN080)

Noblesville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

|   | 14,871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal    | Total       |
|---|-----------------------------------|---------------|-------------|-------------|
| 70300 Net Tenant Rental Revenue                         |                                   |               |             |             |
| 70400 Tenant Revenue - Other                            |                                   |               |             |             |
| 70500 Total Tenant Revenue                              | \$0                               | \$0           | \$0         | \$0         |
| 70600 HUD PHA Operating Grants                          | \$1,164,720                       |               | \$1,164,720 | \$1,164,720 |
| 70610 Capital Grants                                    |                                   |               |             |             |
| 70710 Management Fee                                    |                                   |               |             |             |
| 70720 Asset Management Fee                              |                                   |               |             |             |
| 70730 Book Keeping Fee                                  |                                   |               |             |             |
| 70740 Front Line Service Fee                            |                                   |               |             |             |
| 70750 Other Fees  |                                   |               |             |             |
| 70700 Total Fee Revenue                                 |                                   |               |             |             |
| 70800 Other Government Grants                           |                                   |               |             |             |
| 71100 Investment Income - Unrestricted                  | \$79                              | \$209         | \$288       | \$288       |
| 71200 Mortgage Interest Income                          |                                   |               |             |             |
| 71300 Proceeds from Disposition of Assets Held for Sale |                                   |               |             |             |
| 71310 Cost of Sale of Assets                            |                                   |               |             |             |
| 71400 Fraud Recovery                                    | \$8,038                           |               | \$8,038     | \$8,038     |
| 71500 Other Revenue                                     | \$233,102                         | \$72          | \$233,174   | \$233,174   |
| 71600 Gain or Loss on Sale of Capital Assets            |                                   | \$10,895      | \$10,895    | \$10,895    |
| 72000 Investment Income - Restricted                    | \$352                             | \$401         | \$753       | \$753       |
| 70000 Total Revenue                                     | \$1,406,291                       | \$11,577      | \$1,417,868 | \$1,417,868 |
| 91100 Administrative Salaries                           | \$59,210                          |               | \$59,210    | \$59,210    |
| 91200 Auditing Fees                                     | \$3,760                           |               | \$3,760     | \$3,760     |
| 91300 Management Fee                                    |                                   |               |             |             |
| 91310 Book-keeping Fee                                  |                                   |               |             |             |
| 91400 Advertising and Marketing                         |                                   |               |             |             |
| 91500 Employee Benefit contributions - Administrative   | \$17,900                          |               | \$17,900    | \$17,900    |
| 91600 Office Expenses                                   | \$5,080                           |               | \$5,080     | \$5,080     |
| 91700 Legal Expense                                     |                                   |               |             |             |
| 91800 Travel  |                                   |               |             |             |
| 91810 Allocated Overhead                                |                                   |               |             |             |
| 91900 Other   | \$7,977                           | \$597         | \$8,574     | \$8,574     |
| 91000 Total Operating - Administrative                  | \$93,927                          | \$597         | \$94,524    | \$94,524    |
| 92000 Asset Management Fee                              |                                   |               |             |             |
| 92100 Tenant Services - Salaries                        |                                   |               |             |             |
| 92200 Relocation Costs                                  |                                   |               |             |             |
| 92300 Employee Benefit Contributions - Tenant Services  |                                   |               |             |             |
| 92400 Tenant Services - Other                           |                                   |               |             |             |
| 92500 Total Tenant Services                             | \$0                               | \$0           | \$0         | \$0         |

|   |             |          |             |             |
|---|-------------|----------|-------------|-------------|
| 93100 Water   |             |          |             |             |
| 93200 Electricity   |             |          |             |             |
| 93300 Gas   |             |          |             |             |
| 93400 Fuel  |             |          |             |             |
| 93500 Labor   |             |          |             |             |
| 93600 Sewer   |             |          |             |             |
| 93700 Employee Benefit Contributions - Utilities                |             |          |             |             |
| 93800 Other Utilities Expense                                   |             |          |             |             |
| 93000 Total Utilities   | \$0         | \$0      | \$0         | \$0         |
| 94100 Ordinary Maintenance and Operations - Labor               |             |          |             |             |
| 94200 Ordinary Maintenance and Operations - Materials and Other |             |          |             |             |
| 94300 Ordinary Maintenance and Operations Contracts             |             |          |             |             |
| 94500 Employee Benefit Contributions - Ordinary Maintenance     |             |          |             |             |
| 94000 Total Maintenance   | \$0         | \$0      | \$0         | \$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         |
| 96110 Property Insurance  |             |          |             |             |
| 96120 Liability Insurance                                       | \$443       |          | \$443       | \$443       |
| 96130 Workmen's Compensation                                    |             |          |             |             |
| 96140 All Other Insurance                                       | \$513       |          | \$513       | \$513       |
| 96100 Total Insurance Premiums                                  | \$956       | \$0      | \$956       | \$956       |
| 96200 Other General Expenses                                    | \$710       |          | \$710       | \$710       |
| 96210 Compensated Absences                                      | \$6,137     |          | \$6,137     | \$6,137     |
| 96300 Payments in Lieu of Taxes                                 |             |          |             |             |
| 96400 Bad debt - Tenant Rents                                   |             |          |             |             |
| 96500 Bad debt - Mortgages                                      |             |          |             |             |
| 96600 Bad debt - Other  | \$305       |          | \$305       | \$305       |
| 96800 Severance Expense   |             |          |             |             |
| 96000 Total Other General Expenses                              | \$7,152     | \$0      | \$7,152     | \$7,152     |
| 96710 Interest of Mortgage (or Bonds) Payable                   |             |          |             |             |
| 96720 Interest on Notes Payable (Short and Long Term)           |             |          |             |             |
| 96730 Amortization of Bond Issue Costs                          |             |          |             |             |
| 96700 Total Interest Expense and Amortization Cost              | \$0         | \$0      | \$0         | \$0         |
| 96900 Total Operating Expenses                                  | \$102,035   | \$597    | \$102,632   | \$102,632   |
| 97000 Excess of Operating Revenue over Operating Expenses       | \$1,304,256 | \$10,980 | \$1,315,236 | \$1,315,236 |
| 97100 Extraordinary Maintenance                                 |             |          |             |             |
| 97200 Casualty Losses - Non-capitalized                         |             |          |             |             |
| 97300 Housing Assistance Payments                               | \$995,891   |          | \$995,891   | \$995,891   |
| 97350 HAP Portability-In  | \$215,379   |          | \$215,379   | \$215,379   |
| 97400 Depreciation Expense                                      | \$1,260     | \$370    | \$1,630     | \$1,630     |
| 97500 Fraud Losses  |             |          |             |             |
| 97600 Capital Outlays - Governmental Funds                      |             |          |             |             |
| 97700 Debt Principal Payment - Governmental Funds               |             |          |             |             |
| 97800 Dwelling Units Rent Expense                               |             |          |             |             |
| 90000 Total Expenses  | \$1,314,565 | \$967    | \$1,315,532 | \$1,315,532 |

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| 10010 Operating Transfer In   |           |           |           |           |
| 10020 Operating transfer Out  |           |           |           |           |
| 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       |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses    | \$91,726  | \$10,610  | \$102,336 | \$102,336 |
| 11020 Required Annual Debt Principal Payments                             | \$0       | \$0       | \$0       | \$0       |
| 11030 Beginning Equity  | \$120,467 | \$201,266 | \$321,733 | \$321,733 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$7,769   | -\$7,769  | \$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 Rents         |           |           |           |           |
| 11100 Changes in Allowance for Doubtful Accounts - Other                  |           |           |           |           |
| 11170 Administrative Fee Equity   | \$55,382  |           | \$55,382  | \$55,382  |
| 11180 Housing Assistance Payments Equity                                  | \$164,580 |           | \$164,580 | \$164,580 |
| 11190 Unit Months Available   | 2220      | 0         | 2220      | 2220      |
| 11210 Number of Unit Months Leased  | 2179      | 0         | 2179      | 2179      |
| 11270 Excess Cash   |           |           |           |           |
| 11610 Land Purchases  |           |           |           |           |
| 11620 Building Purchases  |           |           |           |           |
| 11630 Furniture & Equipment - Dwelling Purchases                          |           |           |           |           |
| 11640 Furniture & Equipment - Administrative Purchases                    |           |           |           |           |
| 11650 Leasehold Improvements Purchases                                    |           |           |           |           |
| 11660 Infrastructure Purchases  |           |           |           |           |
| 13510 CFFP Debt Service Payments  |           |           |           |           |
| 13901 Replacement Housing Factor Funds                                    |           |           |           |           |

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

| <u>ANNUAL<br/>CONTRIBUTION<br/>CONTRACT</u> | <u>PROGRAM<br/>AND<br/>ASSISTANCE TYPE</u>  | <u>CFDA<br/>NUMBER</u> | <u>BUDGET</u>       | <u>EXPENDITURES</u> |
|---|---|------------------------|---------------------|---------------------|
|   | <u>U. S. DEPARTMENT OF HUD</u>              |                        |                     |                     |
| C-2056                                      | Section 8 Housing Choice<br>Voucher Program | 14.871                 | <u>1,164,720</u>    | <u>1,164,720</u>    |
| TOTAL HUD FUNDING                           |   |                        | <u>1,164,720</u>    | <u>1,164,720</u>    |
| TOTAL FEDERAL FINANCIAL ASSISTANCE          |   |                        | <u>\$ 1,164,720</u> | <u>\$ 1,164,720</u> |

Notes to Schedule of Expenditures of Federal Awards:

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

OTHER REPORTS

# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

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

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

I have audited the financial statements of the Housing Authority of the City of Noblesville ("the Authority") as of and for the year ended December 31, 2010, and have issued my report thereon dated June 10, 2011, which included a disclaimer of opinion on Management's Discussion and Analysis. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

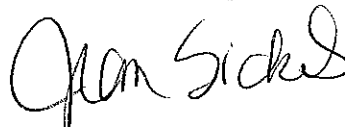
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

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



Certified Public Accountant

Fredericksburg, Indiana  
June 10, 2011

# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

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

INDEPENDENT AUDITOR'S REPORT

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

Compliance

I have audited the compliance of the Housing Authority of the City of Noblesville 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 Housing Authority of the City of Noblesville's major federal programs for the year ended December 31, 2010. The Housing Authority of the City of Noblesville'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 Housing Authority of the City of Noblesville's management. My responsibility is to express an opinion on the Housing Authority of the City of Noblesville's compliance based on my audit.

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

In my opinion, the Housing Authority of the City of Noblesville complied, in all material respects, with the compliance requirements referred to above could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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 a 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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



Certified Public Accountant

Fredericksburg, Indiana  
June 10, 2011

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

DECEMBER 31, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

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

Noncompliance material to financial statements  
noted?       yes   X  no

FEDERAL AWARDS

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee?   X  yes       no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no Financial Statement Findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings.

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

DECEMBER 31, 2010

STATUS OF PRIOR FINDINGS AND CURRENT FINDINGS

PRIOR YEAR FINDINGS

There were no prior year findings.

CURRENT YEAR FINDINGS

There are no current year findings.