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April 20, 2020

Board of Commissioners
New Castle Housing Authority
274 South 14th Street
New Castle, IN 47362

We have reviewed the audit report of the New Castle Housing Authority, which was opined on by Goldie Roberts, CPA, Independent Public Accountant, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the New Castle Housing Authority as of June 30, 2019, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

NEW CASTLE HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

New Castle, Indiana

June 30, 2019

Goldie Roberts

Certified Public Accountant

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

NEW CASTLE
HOUSING AUTHORITY

NEW CASTLE, INDIANA
JUNE 30, 2019

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the New Castle Housing Authority ("the Authority") which comprise the Statement of Net Position as of June 30, 2019, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the New Castle Housing Authority's 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

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 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 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 Authority's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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, 2019,

and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through iv and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 20 through 21 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards, 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.

In regard to, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents, 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 27, 2019, on my consideration of the New Castle Housing Authority'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 solely 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 effectiveness of 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 New Castle Housing Authority's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
December 30, 2019

New Castle Housing Authority
New Castle, Indiana
Management's Discussion and Analysis
June 30, 2019

The management of the New Castle Housing Authority (PHA) offers this narrative overview and analysis of its unaudited financial statements for the fiscal year ended June 30, 2019. 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, 2019 by \$3,316,997 (Net Position).
- The PHA's investment in Capital Assets as of June 30, 2019 was \$2,855,541.
- The PHA's total revenue and contributions for the fiscal year end June 30, 2019 was \$2,228,883.
- The PHA's total expenses for the fiscal year end June 30, 2019 was \$2,278,532. Therefore, the PHA's expenses exceed revenues and contributions by \$42,665.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The following financial statements are included in this report:

- *Statement of Net Position* - reports the PHA'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* - reports the PHA's cash receipts, cash payments and net changes in cash resulting from operations, investing and financing activities.

ANALYSIS OF FINANCIAL STATEMENTS:

STATEMENTS OF NET POSITION

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 626,544	\$ 543,233	\$ 83,311	15.3%
Restricted assets	91,743	80,354	11,389	14.2%
Capital assets	<u>2,855,541</u>	<u>3,014,379</u>	<u>(158,838)</u>	-5.3%
Total assets	<u>3,573,828</u>	<u>3,637,966</u>	<u>(64,138)</u>	-1.8%
Deferred outflows of resources	<u>32,750</u>	<u>65,454</u>	<u>(32,704)</u>	-50.0%
Current liabilities	95,657	99,436	(3,779)	-3.8%
Non current liabilities	<u>152,188</u>	<u>204,539</u>	<u>(52,351)</u>	-25.6%
Total liabilities	<u>247,845</u>	<u>303,975</u>	<u>(56,130)</u>	-18.5%
Deferred inflows of resources	<u>41,736</u>	<u>39,783</u>	<u>1,953</u>	4.9%
Investment in capital assets	2,855,541	3,014,379	(158,838)	-5.3%
Restricted	37,525	25,850	11,675	45.2%
Unrestricted	<u>23,931</u>	<u>319,433</u>	<u>104,498</u>	32.7%
Total net position	\$ <u>3,316,997</u>	\$ <u>3,359,662</u>	\$ <u>(42,665)</u>	-1.3%

New Castle Housing Authority
New Castle, Indiana
Management's Discussion and Analysis
June 30, 2019

ANALYSIS OF FINANCIAL STATEMENTS(CONTINUED):

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the previous page, assets exceeded liabilities by \$3,316,997 at the close of the year ended June 30, 2019 down from \$3,359,662 in 2018.

The increases in current and other assets are due to an increase in cash. The increase in restricted assets is due to hap revenue exceeding hap expenses. The decrease in capital assets is due to depreciation expense and disposal of several assets exceeding construction in progress. The current liabilities decreased due to decreases in compensated absences and unearned revenue. The decrease was off set by increases in accrued liabilities, security deposits, accounts payable, and accounts payable – other government. The decrease in noncurrent liabilities is due to compensated absences and accrued pension liability decreasing.

The unrestricted net position was \$423,931 as of June 30, 2019. This amount may be used to meet the Authority's ongoing obligations. The Authority had \$37,525 of net position 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 position. The same situation held true for the prior fiscal year.

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
JUNE 30,**

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating-non-operating-capital contributions:				
Rental revenue	\$ 494,037	\$ 455,070	\$ 38,967	8.6%
HUD operating grants	1,623,100	1,706,537	(83,437)	-4.9%
Interest income	3,529	1,410	2,119	150.3%
Capital Contributions	124,340	107,477	16,863	15.7%
Gain (Loss) on sale of capital assets	(26,616)	(7,098)	(19,518)	-275.0%
Other income	<u>10,493</u>	<u>22,883</u>	<u>(12,390)</u>	-54.1%
Total Revenues and Contributions	<u>2,228,883</u>	<u>2,286,279</u>	<u>(57,396)</u>	-2.5%
Expenses				
Administrative Expenses	291,473	297,423	(5,950)	-2.0%
Tenant Services	921	988	(67)	-6.8%
Utilities	180,850	170,813	10,037	5.9%
Operations and maintenance	275,274	296,441	(21,167)	-7.1%
Insurance	39,687	39,366	321	0.8%
Other General	64,505	54,500	10,005	18.4%
Housing assistance payments	1,162,068	1,195,134	(33,066)	-2.8%
Interest expense	0	177	(177)	-100.0%
Depreciation	<u>257,154</u>	<u>288,703</u>	<u>(31,549)</u>	-10.9%
Total Expenses	<u>2,271,932</u>	<u>2,343,545</u>	<u>(71,613)</u>	-3.1%

New Castle Housing Authority
New Castle, Indiana
Management's Discussion and Analysis
June 30, 2019

Change in net position	(42,665)	(57,266)	14,601
Beginning net position	<u>3,359,662</u>	<u>3,416,928</u>	<u>(57,266)</u>
Ending net position	<u>\$ 3,316,997</u>	<u>\$ 3,359,662</u>	<u>\$ (42,665)</u>

ANALYSIS OF FINANCIAL STATEMENTS(CONTINUED):

Total revenues and contributions decreased by \$57,396 due to decreases in HUD operating grants, fraud recovery, and other income. This increase was partially offset by increases in tenant revenue, capital contributions and interest.

Total expenses decreased by \$71,613 due to decreases in administrative expenses, tenant services, operations and maintenance, housing assistance payments, interest expense and depreciation. This was partially offset by increases in utilities, insurance, and general expenses. The decrease in housing assistance payments is due to lower rents paid out.

BUDGETARY HIGHLIGHTS:

Low Rent Public Housing (Operations Only)

The Board approved budget anticipated an operating loss of (\$38,734). Actual result of operations was an operating loss before depreciation of (\$67,914), for a variance of \$29,180.

CAPITAL ASSETS & LONG TERM DEBT ACTIVITY DURING THE YEAR:

Capital Assets - The New Castle Housing Authority's capital assets, as of June 30, 2019 amounts to \$2,855,541 (net of accumulated depreciation). The capital assets include land, buildings, improvements, equipment, and construction in progress.

**CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
JUNE 30,**

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>
Land	\$ 917,432	\$ 917,432	\$ ----
Building	7,874,658	7,965,523	(90,865)
Furniture, equipment and machinery- dwelling	79,254	79,254	----
Furniture, equipment and machinery- administration	176,932	205,094	(28,162)
Construction in progress	<u>5,521</u>	<u>0</u>	<u>5,521</u>
	9,053,797	9,167,303	(113,506)
Accumulated depreciation	<u>6,198,256</u>	<u>6,152,924</u>	<u>45,332</u>
Total	<u>\$ 2,855,541</u>	<u>\$ 3,014,379</u>	<u>\$ (158,838)</u>

New Castle Housing Authority
New Castle, Indiana
Management's Discussion and Analysis
June 30, 2019

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

The total decrease in the Authority's capital assets for the current fiscal year was \$158,838. Actual expenditures to improve buildings were \$124,932 for the year. The Authority has \$334,536 available in Capital Funds to draw down and spend in the future. See the Notes to the Financial Statements for further information.

Debt Administration - The New Castle Housing Authority has no debt as of June 30, 2019

FUTURE EVENTS (New Business)

There are no future events planned by the Authority during the fiscal year ended June 30, 2020 that are expected to significantly affect the Authority's Net Position either positively or negatively.

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, Ms. Jennie Harvey, 274 South 14th Street, New Castle, Indiana 47362.

FINANCIAL STATEMENTS

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$	524,669
Restricted cash & cash equivalents		91,743
Accounts receivable, net		14,172
Prepaid expenses		41,030
Inventory, net		46,673
Total Current Assets		718,287

Capital Assets

Land and other nondepreciable assets		922,953
Depreciable capital assets, net		1,932,588
Total Capital Assets		2,855,541

Total Assets **3,573,828**

Deferred outflow of resources

Pension related		32,750
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Total Assets and Deferred Outflow of Resources **3,606,578**

LIABILITIES

Current liabilities

Accounts payable		22,276
Accrued liabilities		19,163
Payable from restricted cash and and cash equivalents:		
Tenant's security deposits		52,196
Unearned revenue		2,022
Total Current Liabilities		95,657

Noncurrent liabilities

Net Pension Liability		152,188
Noncurrent Liabilities		152,188

Total Liabilities **247,845**

Deferred inflow of resources

Pension related		41,736
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NET POSITION

Investment in capital assets		2,855,541
Restricted		37,525
Unrestricted		423,931
Total Net Position	\$	3,316,997

The accompanying notes are an integral part of these financial statements

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES

Rental income	\$	494,037
Other income		10,493
		10,493
TOTAL OPERATING REVENUE		504,530

OPERATING EXPENSES

Administrative		317,700
Tenant Services		921
Utilities		180,850
Ordinary maintenance and operation		275,274
General expense		77,965
Housing assistance payments		1,161,684
Depreciation expense		257,154
		257,154
TOTAL OPERATING EXPENSES		2,271,548

OPERATING INCOME (LOSS)		(1,767,018)
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NONOPERATING REVENUES / (EXPENSE)

Federal operating grants		1,623,100
Gain (Loss) on sale of capital assets		(26,616)
Interest income		3,529
		3,529
TOTAL NONOPERATING REVENUES / (EXPENSE)		1,600,013

Net income before capital contributions		(167,005)
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CAPITAL CONTRIBUTIONS		124,340
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CHANGE IN NET POSITION		(42,665)
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TOTAL NET POSITION - BEGINNING OF YEAR		3,359,662
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TOTAL NET POSITION - END OF YEAR	\$	3,316,997
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The accompanying notes are an integral part of these financial statements

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	517,627
Payments to vendors		(589,248)
Payments to landlords		(1,161,684)
Payments to employees		(350,652)
Net Cash (Used) by Operating Activities		(1,583,957)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		1,623,100
Net Cash From Noncapital Financing Activities		1,623,100

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received		124,340
Gain (Loss) on sale of capital assets		19,518
Acquisition and construction of capital assets		(119,027)
Net Cash Flows Provided by (Used)		24,831
Capital and Related Financing Activities		24,831

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		3,529
Net Cash Flows Provided by		3,529
Investing Activities		3,529

Net Increase (Decrease) in Cash and Cash Equivalents		67,119
Cash - Beginning of year		549,293
Cash - End of year	\$	616,412

Reconciliation of Cash		
Unrestricted	\$	524,669
Restricted		91,743
	\$	616,412

Continued

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

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

Operating income (loss)	\$ (1,767,018)
Adjustments to reconcile operating net income (loss) to net cash Provided by operating activities:	
Depreciation	257,154
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	7,348
Prepaid expenses	(663)
Inventory	(34,266)
Increase (Decrease) in:	
Accounts payable	4,784
Accrued liabilities	(7,528)
Unearned revenue	(851)
Pension liabilities	(42,917)
Net Cash Flows Provided (Used) by Operating Activities	\$ <u>(1,583,957)</u>

The accompanying notes are an integral part of these financial statements

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the NEW CASTLE 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.

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 New Castle Housing Authority. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the New Castle Housing Authority include the following:

At June 30, 2019, the Housing Authority has 462 units under management.

<u>Project</u>	<u>Units</u>
Low Income Public Housing	156
Housing Assistance Payments Program: Vouchers	<u>306</u>
	<u>462</u>

The Authority is also operating Capital Fund Grant Programs.

Basis of Presentation and Accounting: 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.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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 net position categories:

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

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

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted: Net position 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.

Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position 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.

Budget compared to actual presentation is not presented 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 a legally binding appropriated budget that has been signed into law or a non-appropriated 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 accounts, Money Market accounts and Certificates of deposit 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.

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

State statutes authorize the Housing Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by political subdivisions.

Tenant Receivable - Receivable for rentals and service 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 June 30, 2019.

Inventories - Inventories are valued at cost, which approximates market value, using the first-in/first/out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

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

Capital assets - Capital assets purchased are recorded on the Statement of Net Position at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$500 or more. 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.

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

<u>Class</u>	<u>Life</u>
Buildings and improvements	5-40 years
Maintenance and office equipment	3-10 years

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 related 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.

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 costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Restricted Assets - When both restricted (if any) and unrestricted resources are available for use, it is the Authorities policy to use unrestricted resources first, and then restricted resources as they are needed.

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 liability and disclosure of contingent liability at the date of the financial statements and report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and scheduled as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact person income, such as local job availability.

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

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.

Deposits, made in accordance with State statute (IC 5-13), with financial institutions in the State of Indiana should be covered to the extent not covered by insurance of any Federal deposit insurance agency.

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 June 30, 2019, the Authority's deposits and investments were not limited and all of which are 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.

C. **Custodial Credit Risk:** This 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 held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

At June 30, 2019, the carrying amount of the Authority's deposits was \$616,412 and the bank balance was \$753,033. 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. Restricted cash consists of tenant security deposits.

Deposits consist of the following:

Cash and cash equivalents	<u>\$ 616,412</u>
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NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2019, consist of the following:

Tenant accounts receivable	\$ 3,480
Fraud recovery net of allowance of 11,607	<u>10,692</u>
Total	<u>\$ 14,172</u>

NOTE D - Prepaid Expense:

Prepaid expenses at June 30, 2019, consists of the following:

Prepaid insurance	<u>\$ 41,030</u>
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NOTE E - Inventory:

Inventory at June 30, 2019, consists of the following:

Materials and supplies, Net of Allowance of \$2,456	<u>\$ 46,673</u>
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Materials inventories are recorded at cost. The FIFO inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>6/30/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending Balance <u>6/30/19</u>
Capital assets, not being depreciated:					
Land	\$ 917,432	\$ 0	\$ 0	\$ 0	\$ 917,432
Construction in Progress	<u>0</u>	<u>124,340</u>	<u>0</u>	<u>(118,828)</u>	<u>5,521</u>
Total Capital Assets, Not being depreciated	<u>917,432</u>	<u>124,340</u>	<u>0</u>	<u>(118,828)</u>	<u>922,954</u>
Capital Assets, being depreciated:					
Buildings & Improvements	7,965,523	0	(209,693)	118,828	7,874,658
Furniture, Equipment & Machinery	<u>284,348</u>	<u>0</u>	<u>(28,162)</u>	<u>0</u>	<u>256,186</u>
Total Capital Assets, being depreciated	<u>8,249,871</u>	<u>0</u>	<u>(237,855)</u>	<u>118,828</u>	<u>8,130,844</u>

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE F - Capital Assets: (Continued)

Less Accumulated Depreciation for:					
Buildings & Improvements	(5,959,389)	(249,439)	196,520	0	(6,012,308)
Furniture, Equipment and Machinery	(193,535)	(7,715)	15,302	0	(185,948)
 Total Accumulated Depreciation:	 (6,152,924)	 (257,154)	 211,822	 0	 (6,198,256)
Total Capital Assets, being depreciated, net	2,096,947	(257,154)	(26,024)	118,828	1,932,588
Capital Assets, Net	<u>\$ 3,014,379</u>	<u>\$ (132,814)</u>	<u>\$ (26,024)</u>	<u>\$ 0</u>	<u>\$ 2,855,541</u>

Depreciation expenses of \$257,154 was incurred during the year.

NOTE G - Pension Plan:

Description of Pension Plan

The New Castle Housing Authority (Housing Authority) participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Public Retirement System (INPRS) and is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS financial reports are available online at www.in.gov/inprs/annualreports.htm.

Members include officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan.

Benefits Provided

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE G- Pension Plan: (Continued)

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

A member who is at least 55 years old and if age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits described above.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA provided for the year ended June 30, 2017; however, eligible members received a one-time check in September of 2016.

The PERF Hybrid Plan also provides disability and survivor benefits.

Contributions

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During fiscal year 2016, all participating employers contributed an average rate of 11.2% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended June, 30 2017 was \$25,445. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

Employer Allocations

Wages reported by employers relative to the collective wages of the plan serve as the basis to determine the employer's proportionate share. The basis of allocation measures the proportionate relationship of an employer to all employers, and is consistent with the manner in which contributions to the pension plan are determined.

At June 30, 2017, the Authority's proportionate share was 0.00458.

Net Pension Liability

At June 30, 2017, the Authority reported a liability of \$204,339. The proportionate share of the liability as of June 30, 2016 was \$259,599.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, was determined using member census data as of June 30, 2016 and adjusted, as appropriate to reflect changes between June 30, 2016 and June 30, 2017. The valuation results from June 30, 2016 were rolled to June 30, 2017 to reflect benefits accruals during the year less benefits paid. Key methods and assumptions used in calculating the total pension liability are presented below:

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE G- Pension Plan: (Continued)

Price inflation	2.25%
Cost of Living Increases	1.00%
Salary increases, including wage increases	2.5% to 4.25%, including inflation
Long-Term rate of return, net of investment expense, and including price inflation	 6.75%

Mortality assumption (healthy) rates were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

Disabled mortality assumption rates were based on the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table with future mortality improvement inherent in the social Security Administration's 2014 Trustee report.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were undated as needed for the June 30, 2015 actuarial valuation based on the results of the study.

The long-term expected rate of return of pension plan investments was determined using a building-block approach that considered the target asset allocation from the Board's investment policy and capital market forecasts from various investment professionals.

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE G- Pension Plan: (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Actual Allocations	Target Range
Public equity	23.6%	22.0%
Private equity	12.7%	14.0%
Fixed Income - Inflation-Linked	7.3%	7.0%
Real estate	6.5%	7.0%
Commodities	7.9%	8.0%
Absolute Return	9.6%	10.0%
Risk Parity	11.1%	12.0%
Cash Overlay	1.2%	N/A
Total	100%	100%

Discount Rate

The discount rate used to measure the total pension liability was 6.75% and is equal to long-term expected return on plan investments, net of administrative expenses. The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of: 1) the current contribution rate of 11.2%, or 2) the actuarially determined contribution rate computed by the actuary using the assumptions and methods selected by the Board for the annual actuarial valuations.

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE G- Pension Plan: (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$239,568	\$152,188	\$79,322

Pension Expense

For the year ended June 30, 2017, the Housing Authority recognized pension expense of \$26,055, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$1,990	\$10
Net differences between projected and actual investment earnings on pension plan investments	\$4,507	
Change of assumptions	\$363	\$24,436
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$55	\$ 17,290
Contributions made after plan year end (measurement date)	\$25,834	\$0
Total	\$32,750	\$ 41,736

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE G- Pension Plan: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the NPL in the following years:

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2019	\$(11,362)
2020	\$(8,563)
2021	\$(12,202)
2022	\$(2,694)
2023	\$0
Thereafter	\$0
Total	\$34,821

The information presented above has not been audited.

NOTE H - Accounts Payable:

Accounts payable at June 30 2019, consist of the following:

Vendor Accounts Payable

\$ 22,276

NOTE I - Accrued Liabilities:

Accrued liabilities at June 30 2019, consist of the following:

Accounts payable - other government

\$ 10,894

Accrued compensated absences

8,269

Total

\$ 19,163

NOTE J - Unearned Revenue:

Unearned revenue at June 30 2019, consist of the following:

Prepaid rent

\$ 2,022

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE K - Schedule of Changes in Noncurrent Liabilities:

Noncurrent liabilities at June 30, 2019, consist of the following:

	<u>6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/31/19</u>	<u>Due within one year</u>	<u>Total</u>
Accrued Compensated						
absences	\$ 200	\$ 0	\$ 0	\$ 0	\$ 8,269	\$ 8,269
Pension	204,339	0	52,151	152,188	0	152,188
Total	<u>\$ 204,539</u>	<u>\$ 0</u>	<u>\$ 52,151</u>	<u>\$ 152,188</u>	<u>\$ 8,269</u>	<u>\$ 160,457</u>

NOTE L - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contract. These subsidy contributions for the operating year ended June 30, 2019 were as follows:

Low Rent Public Housing	\$ 254,347
Housing Choice Voucher	1,324,847
Capital Fund Program	43,906
	<u>\$1,623,100</u>

NOTE M - Capital Contributions:

The Authority receives capital grants from HUD for capital fund program improvements. Capital contributions for the fiscal year ended June 30, 2019 were:

Capital Fund	<u>\$ 124,340</u>
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NOTE N- Commitments and Contingencies:

Litigation: At June 30, 2019, the Authority was not involved in any threatened litigation.

Examination: The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, law and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended June 30, 2019.

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

Construction Projects: There were construction projects in progress at June 30, 2019. These include modernizing common areas at Maplewood Terrace along with updating/upgrading the elevator controls. Another major project was completing phase 3 of kitchen remodel. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE O - 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 P - Economic Dependency:

The Authority receives approximately 78% of its operating revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE Q - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing development is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Authority.

NOTE R - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through December 30, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Authority's Proportionate Share of the Net Pension Liability

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
New Castle Housing Authority's proportion of the net pension liability	.0000573	.0000572	.0000458	.0000448
New Castle Housing Authority's proportionate share of the net pension liability	\$ 233,377	\$ 259,599	\$ 204,332	\$ 152,188
New Castle Housing Authority's covered employee payroll	\$ 274,280	\$ 273,955	\$ 227,186	\$ 228,517
New Castle Housing Authority's proportionate share of the net pension liability as a percentage of it's covered employee payroll	.85%	.95%	.90%	.67%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30.

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE NEW CASTLE HOUSING AUTHORITY CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 30,720	\$ 30,377	\$ 25,445	\$ 25,445
Contributions in relation to the contractually required contribution	<u>30,720</u>	<u>30,377</u>	<u>25,445</u>	<u>25,445</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
New Castle Housing Authority's covered employee payroll	\$ 274,290	\$ 273,955	\$ 227,186	\$ 228,517
Contributions as a percentage of covered employee payroll	11.2%	11.09%	11.09%	11.13%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30/19

SUPPLEMENTAL FINANCIAL INFORMATION

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION

JUNE 30, 2019

	Annual Contributions (
	C-2003	C-2003
	Low	
	Income	Capital
	Public	Fund
	Housing	Programs
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 303,252	\$ 0
Restricted cash & cash equivalents	54,218	0
Accounts receivable, net	3,480	0
Interprogram due from	0	0
Prepaid expenses	36,234	0
Inventory, net	46,673	0
Total Current Assets	443,857	0
<u>Capital Assets</u>		
Land and other nondepreciable assets	922,953	0
Depreciable capital assets, net	1,932,509	0
Total Capital Assets	2,855,462	0
Total Assets	3,299,319	0
<u>Deferred outflow of resources</u>		
Pension related	27,658	0
Total Assets and Deferred Outflow of Resources	3,326,977	0
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	20,160	0
Accrued liabilities	17,876	0
Interprogram due to	0	0
Payable from restricted cash and and cash equivalents:		
Tenants security deposits	52,196	0
Unearned revenue	2,022	0
Total Current Liabilities	92,254	0
<u>Noncurrent Liabilities</u>		
Long Term Compensated Absences	0	
Net Pension Liability	128,527	0
Total Long Term Liabilities	128,527	0
Total liabilities	220,781	0
<u>Deferred inflow of resources</u>		
Pension related	35,247	0
<u>NET POSITION</u>		
Investment in capital assets	2,855,462	0
Restricted	0	0
Unrestricted	215,487	0
Total Net Position	\$ 3,070,949	\$ 0

Contracts

IN050		
Section 8		
Housing		
Choice	Interprogram	
Vouchers	Elimination	Total
\$ 221,417	\$ 0	\$ 524,669
37,525	0	91,743
10,692	0	14,172
0	0	0
4,796	0	41,030
0	0	46,673
<u>274,430</u>	<u>0</u>	<u>718,287</u>
0	0	922,953
79	0	1,932,588
<u>79</u>	<u>0</u>	<u>2,855,541</u>
<u>274,509</u>	<u>0</u>	<u>3,573,828</u>
5,092	0	32,750
<u>279,601</u>	<u>0</u>	<u>3,606,578</u>
2,116	0	22,276
1,287	0	19,163
0	0	0
0	0	52,196
0	0	2,022
<u>3,403</u>	<u>0</u>	<u>95,657</u>
0	0	0
<u>23,661</u>	<u>0</u>	<u>152,188</u>
<u>23,661</u>	<u>0</u>	<u>152,188</u>
<u>27,064</u>	<u>0</u>	<u>247,845</u>
<u>6,489</u>	<u>0</u>	<u>41,736</u>
79	0	2,855,541
37,525	0	37,525
208,444	0	423,931
<u>\$ 246,048</u>	<u>\$ 0</u>	<u>\$ 3,316,997</u>

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Annual Contributions (C)	
	C-2003	C-2003
	Low Income Public Housing	Capital Fund Programs
<u>OPERATING REVENUES</u>		
Rental income	\$ 494,037	\$ 0
Other income	8,287	0
TOTAL OPERATING REVENUE	502,324	0
<u>OPERATING EXPENSES</u>		
Administrative	211,180	0
Tenant Services	921	0
Utilities	180,850	0
Ordinary maintenance and operation	275,215	0
General expense	64,496	0
Housing assistance payments	0	0
Depreciation expense	255,326	0
TOTAL OPERATING EXPENSES	987,988	0
 OPERATING INCOME (LOSS)	 (485,664)	 0
<u>NONOPERATING REVENUES / (EXPENSE)</u>		
Federal operating grants	254,347	43,906
Gain (Loss) on sale of capital assets	(26,616)	0
Interest income	3,402	0
TOTAL NONOPERATING REVENUES / (EXPENSE)	231,133	43,906
 Net income before capital contributions	 (254,531)	 43,906
 CAPITAL CONTRIBUTIONS	 0	 124,340
 CHANGE IN NET POSITION	 (254,531)	 168,246
 TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	 3,157,234	 0
 Operating transfers	 168,246	 (168,246)
 TOTAL NET POSITION - BEGINNING OF YEAR, as restated	 3,325,480	 (168,246)
 TOTAL NET POSITION - END OF YEAR	 \$ 3,070,949	 \$ 0

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:
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:
:
:
:

Contracts

IN050

Housing
Choice

<u>Vouchers</u>	<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 0	\$ 494,037
8,806	(6,600)	10,493
<u>8,806</u>	<u>(6,600)</u>	<u>504,530</u>
113,120	(6,600)	317,700
0	0	921
0	0	180,850
59	0	275,274
13,469	0	77,965
1,161,684	0	1,161,684
1,828	0	257,154
<u>1,290,160</u>	<u>(6,600)</u>	<u>2,271,548</u>
<u>(1,281,354)</u>	<u>0</u>	<u>(1,767,018)</u>
1,324,847	0	1,623,100
0	0	(26,616)
127	0	3,529
<u>1,324,974</u>	<u>0</u>	<u>1,600,013</u>
<u>43,620</u>	<u>0</u>	<u>(167,005)</u>
<u>0</u>	<u>0</u>	<u>124,340</u>
<u>43,620</u>	<u>0</u>	<u>(42,665)</u>
202,428	0	3,359,662
<u>0</u>	<u>0</u>	<u>0</u>
<u>202,428</u>	<u>0</u>	<u>3,359,662</u>
<u>\$ 246,048</u>	<u>\$ 0</u>	<u>3,316,997</u>

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	14 871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$303,252	\$221,417	\$524,669		\$524,669
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$37,525	\$37,525		\$37,525
114 Cash - Tenant Security Deposits	\$52,196		\$52,196		\$52,196
115 Cash - Restricted for Payment of Current Liabilities	\$2,022		\$2,022		\$2,022
100 Total Cash	\$357,470	\$258,942	\$616,412		\$616,412
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$3,480		\$3,480		\$3,480
126.1 Allowance for Doubtful Accounts -Tenants	\$0		\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		\$22,299	\$22,299		\$22,299
128.1 Allowance for Doubtful Accounts - Fraud		-\$11,607	-\$11,607		-\$11,607
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,480	\$10,692	\$14,172		\$14,172
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$36,234	\$4,796	\$41,030		\$41,030
143 Inventories	\$49,129		\$49,129		\$49,129
143.1 Allowance for Obsolete Inventories	-\$2,456		-\$2,456		-\$2,456
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$443,857	\$274,430	\$718,287		\$718,287
161 Land	\$917,432		\$917,432		\$917,432
162 Buildings	\$7,874,658		\$7,874,658		\$7,874,658
163 Furniture, Equipment & Machinery - Dwellings	\$79,254		\$79,254		\$79,254
164 Furniture, Equipment & Machinery - Administration	\$146,729	\$30,203	\$176,932		\$176,932
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$6,168,132	-\$30,124	-\$6,198,256		-\$6,198,256
167 Construction in Progress	\$5,521		\$5,521		\$5,521
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,855,462	\$79	\$2,855,541		\$2,855,541
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	\$2,855,462	\$79	\$2,855,541		\$2,855,541
200 Deferred Outflow of Resources	\$27,658	\$5,092	\$32,750		\$32,750
290 Total Assets and Deferred Outflow of Resources	\$3,326,977	\$279,601	\$3,606,578		\$3,606,578
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$7,063	\$1,927	\$8,990		\$8,990
313 Accounts Payable >90 Days Past Due					

321	Accrued Wage/Payroll Taxes Payable				
322	Accrued Compensated Absences - Current Portion	\$6,982	\$1,287	\$8,269	\$8,269
324	Accrued Contingency Liability				
325	Accrued Interest Payable				
331	Accounts Payable - HUD PHA Programs				
332	Account Payable - PHA Projects				
333	Accounts Payable - Other Government	\$10,894		\$10,894	\$10,894
341	Tenant Security Deposits	\$52,196		\$52,196	\$52,196
342	Unearned Revenue	\$2,022		\$2,022	\$2,022
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344	Current Portion of Long-term Debt - Operating Borrowings				
345	Other Current Liabilities				
346	Accrued Liabilities - Other	\$13,097	\$189	\$13,286	\$13,286
347	Inter Program - Due To				
348	Loan Liability - Current				
310	Total Current Liabilities	\$92,254	\$3,403	\$95,657	\$95,657
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352	Long-term Debt, Net of Current - Operating Borrowings				
353	Non-current Liabilities - Other				
354	Accrued Compensated Absences - Non Current				
355	Loan Liability - Non Current				
356	FASB 5 Liabilities				
357	Accrued Pension and OPEB Liabilities	\$128,527	\$23,661	\$152,188	\$152,188
350	Total Non-Current Liabilities	\$128,527	\$23,661	\$152,188	\$152,188
300	Total Liabilities	\$220,781	\$27,064	\$247,845	\$247,845
400	Deferred Inflow of Resources	\$35,247	\$6,489	\$41,736	\$41,736
508.4	Net Investment in Capital Assets	\$2,855,462	\$79	\$2,855,541	\$2,855,541
511.4	Restricted Net Position	\$0	\$37,525	\$37,525	\$37,525
512.4	Unrestricted Net Position	\$215,487	\$208,444	\$423,931	\$423,931
513	Total Equity - Net Assets / Position	\$3,070,949	\$246,048	\$3,316,997	\$3,316,997
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,326,977	\$279,601	\$3,606,578	\$3,606,578

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$458,967		\$458,967		\$458,967
70400 Tenant Revenue - Other	\$35,070		\$35,070		\$35,070
70500 Total Tenant Revenue	\$494,037	\$0	\$494,037	\$0	\$494,037
70600 HUD PHA Operating Grants	\$298,253	\$1,324,847	\$1,623,100		\$1,623,100
70610 Capital Grants	\$124,340		\$124,340		\$124,340
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	\$3,402	\$127	\$3,529		\$3,529
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$8,806	\$8,806		\$8,806
71500 Other Revenue	\$8,287		\$8,287	-\$6,600	\$1,687
71600 Gain or Loss on Sale of Capital Assets	-\$26,616		-\$26,616		-\$26,616
72000 Investment Income - Restricted					
70000 Total Revenue	\$901,703	\$1,333,780	\$2,235,483	-\$6,600	\$2,228,883
91100 Administrative Salaries	\$115,319	\$53,335	\$168,654		\$168,654
91200 Auditing Fees	\$2,819	\$2,669	\$5,488		\$5,488
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$57		\$57		\$57
91500 Employee Benefit contributions - Administrative	\$32,499	\$15,739	\$48,238		\$48,238
91600 Office Expenses	\$17,238	\$20,601	\$37,839	-\$6,600	\$31,239
91700 Legal Expense	\$350		\$350		\$350
91800 Travel	\$54	\$484	\$538		\$538
91810 Allocated Overhead					
91900 Other	\$20,888	\$16,021	\$36,909		\$36,909
91000 Total Operating - Administrative	\$189,224	\$108,849	\$298,073	-\$6,600	\$291,473
92000 Asset Management Fee					
92100 Tenant Services - Salaries	\$921		\$921		\$921
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$921	\$0	\$921	\$0	\$921
93100 Water	\$3,172		\$3,172		\$3,172
93200 Electricity	\$147,627		\$147,627		\$147,627
93300 Gas	\$6,125		\$6,125		\$6,125
93400 Fuel					
93500 Labor					
93600 Sewer	\$20,882		\$20,882		\$20,882
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense	\$3,044		\$3,044		\$3,044
93000 Total Utilities	\$180,850	\$0	\$180,850	\$0	\$180,850

94100 Ordinary Maintenance and Operations - Labor	\$96,445		\$96,445		\$96,445
94200 Ordinary Maintenance and Operations - Materials and Other	\$65,980	\$59	\$66,039		\$66,039
94300 Ordinary Maintenance and Operations Contracts	\$75,475		\$75,475		\$75,475
94500 Employee Benefit Contributions - Ordinary Maintenance	\$37,315		\$37,315		\$37,315
94000 Total Maintenance	\$275,215	\$59	\$275,274	\$0	\$275,274
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	\$27,163		\$27,163		\$27,163
96120 Liability Insurance	\$1,683		\$1,683		\$1,683
96130 Workmen's Compensation	\$2,850	\$950	\$3,800		\$3,800
96140 All Other Insurance	\$4,893	\$2,148	\$7,041		\$7,041
96100 Total insurance Premiums	\$36,589	\$3,098	\$39,687	\$0	\$39,687
96200 Other General Expenses	\$382	\$673	\$1,055		\$1,055
96210 Compensated Absences	\$21,956	\$4,271	\$26,227		\$26,227
96300 Payments in Lieu of Taxes	\$10,894		\$10,894		\$10,894
96400 Bad debt - Tenant Rents	\$16,631		\$16,631		\$16,631
96500 Bad debt - Mortgages					
96600 Bad debt - Other		\$9,698	\$9,698		\$9,698
96800 Severance Expense					
96000 Total Other General Expenses	\$49,863	\$14,642	\$64,505	\$0	\$64,505
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	\$0
96900 Total Operating Expenses	\$732,662	\$126,648	\$859,310	-\$6,600	\$852,710
97000 Excess of Operating Revenue over Operating Expenses	\$169,041	\$1,207,132	\$1,376,173	\$0	\$1,376,173
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$1,161,684	\$1,161,684		\$1,161,684
97350 HAP Portability-In					
97400 Depreciation Expense	\$255,326	\$1,828	\$257,154		\$257,154
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$987,986	\$1,290,160	\$2,278,148	-\$6,600	\$2,271,548
10010 Operating Transfer In	\$43,906		\$43,906	-\$43,906	\$0
10020 Operating transfer Out	-\$43,906		-\$43,906	\$43,906	\$0
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 Expenses	-\$86,285	\$43,620	-\$42,665	\$0	-\$42,665

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$3,157,234	\$202,428	\$3,359,662	\$3,359,662
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$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 Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$208,523	\$208,523	\$208,523
11180 Housing Assistance Payments Equity		\$37,525	\$37,525	\$37,525
11190 Unit Months Available	1872	3672	5544	5544
11210 Number of Unit Months Leased	1865	3531	5396	5396
11270 Excess Cash	\$207,641		\$207,641	\$207,641
11810 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$124,932		\$124,932	\$124,932
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
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

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense, housing assistance payments and extraordinary maintenance expense from operating activities, includes investment revenue, HUD capital grants, revenue, gains and losses on the disposal of capital assets and interest expense in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>EXPENDITURES</u>
<u>U. S. DEPARTMENT OF HUD</u>				
C-1129	Public and Indian Housing	14.850	\$ 254,347	\$ 254,347
IL-095	Housing Voucher Cluster Housing Choice Vouchers	14.871	1,324,847	1,324,847
C-1129	Public Housing Capital Fund	14.872	<u>546,765</u>	<u>168,246</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,125,959</u>	<u>\$ 1,747,440</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the New Castle Housing Authority under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of New Castle Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flow of New Castle Housing Authority.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note A. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The New Castle Housing Authority has elected to not use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

OTHER REPORTS

Goldie Roberts

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*

Independent Auditor's Report

Board of Commissioners
New Castle Housing Authority
274 S. 14th Street
New Castle, In 47362

I 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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the New Castle Housing Authority's basic financial statements and have issued my report thereon dated December 30, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinion 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, I 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 entity'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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, I 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 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*.

Purpose Of This Report

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
December 30, 2019

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

Report on Compliance For Each Major Federal Program; Report on Internal Control Over
Compliance Required by Uniform Guidance

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

I have audited the New Castle Housing Authority's compliance with the types of compliance requirements described in the *OMB 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance with each of the New Castle Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 New Castle Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the New Castle Housing Authority's compliance.

Opinion on Each Major Federal Program

In my 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 for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the New Castle Housing Authority is responsible for establishing and maintaining effective internal control over the type of compliance requirements referred to above. In planning and performing my audit of compliance, I 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 audit

procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 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 requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
December 30, 2019

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

JUNE 30, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

~ Material weakness(es) identified?

_____yes X no

~ Significant deficiency(s) identified?

_____yes X none reported

Noncompliance material to financial statements noted?

_____yes X no

FEDERAL AWARDS

Internal control over major federal programs:

~ Material weakness(es) identified?

_____yes X no

~ Significant deficiency(s) identified that are not considered to be material weakness(es)?

_____yes X none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____yes X no

Identification of major federal programs:

CFDA Number

Name of Federal Program

14.850

Low Income Public Housing

14.872

Public Housing Capital Fund

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X yes _____no

NEW CASTLE HOUSING AUTHORITY
New Castle, Indiana

JUNE 30, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.