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December 31, 2020

Board of Commissioners  
New Castle Housing Authority  
274 South 14<sup>th</sup> 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, 2019 to June 30, 2020. 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, 2020, 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, 2020

*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, 2020

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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. 14<sup>th</sup> 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, 2020, 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, 2020, 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 December 16, 2020, 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 16, 2020

New Castle Housing Authority  
New Castle, Indiana  
Management's Discussion and Analysis  
June 30, 2020

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, 2020. 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, 2020 by \$3,341,338 (Net Position).
- The PHA's net investment in Capital Assets as of June 30, 2020 was \$2,764,586.
- The PHA's total revenue and contributions for the fiscal year end June 30, 2020 was \$2,371,079.
- The PHA's total expenses for the fiscal year end June 30, 2020 was \$2,346,738. Therefore, the PHA's revenues and contributions exceed expenses by \$24,341.

**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>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 854,333	\$ 626,544	\$ 227,789	36.4%
Restricted assets	109,556	91,743	17,813	19.4%
Capital assets	<u>2,764,586</u>	<u>2,855,541</u>	<u>(90,955)</u>	-3.2%
Total assets	<u>3,728,475</u>	<u>3,573,828</u>	<u>154,647</u>	4.3%
Deferred outflows of resources	<u>31,147</u>	<u>32,750</u>	<u>(1,603)</u>	-4.9%
Current liabilities	242,806	95,657	147,149	153.8%
Non-current liabilities	<u>149,058</u>	<u>152,188</u>	<u>(3,130)</u>	-2.1%
Total liabilities	<u>391,864</u>	<u>247,845</u>	<u>144,019</u>	58.1%
Deferred inflows of resources	<u>26,420</u>	<u>41,736</u>	<u>(15,316)</u>	-36.7%
Investment in capital assets	2,764,586	2,855,541	(90,955)	-3.2%
Restricted	23,962	37,525	(13,563)	-36.1%
Unrestricted	<u>552,790</u>	<u>423,931</u>	<u>128,859</u>	30.4%
Total net position	\$ <u>3,341,338</u>	\$ <u>3,316,997</u>	\$ <u>24,341</u>	0.7%

New Castle Housing Authority  
New Castle, Indiana  
Management's Discussion and Analysis  
June 30, 2020

**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 \$3,341,338 at the close of the year ended June 30, 2020 up from \$3,316,997 in 2019.

The increases in current and other assets are due to an increase in cash. The increase in restricted assets is due to hap cares act revenue exceeding hap expenses. The increase in capital assets is due to additional building assets and an increase in depreciation expense. The current liabilities increased due to increases in compensated absences and unearned revenue. The decrease was off set by increases in accrued liabilities in accrued, security deposits, accounts payable, unearned revenue and accounts payable – other government. The decrease in noncurrent liabilities is due to accrued pension liability decreasing.

The unrestricted net position was \$552,790 as of June 30, 2020. This amount may be used to meet the Authority's ongoing obligations. The Authority had \$23,962 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, 2020**

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues and Contributions</b>				
Operating-non-operating-capital contributions:				
Rental revenue	\$ 477,657	\$ 494,037	\$ (16,380)	-3.3%
HUD operating grants	1,716,163	1,623,100	90,063	5.7%
Interest income	4,851	3,529	1,322	37.5%
Capital Contributions	154,669	124,340	30,329	24.4%
Gain (Loss) on sale of fixed assets	0	(26,616)	26,616	100.0%
Other income	<u>17,739</u>	<u>10,493</u>	<u>7,246</u>	69.1%
Total Revenues and Contributions	<u>2,371,079</u>	<u>2,228,883</u>	<u>142,196</u>	6.4%
<b>Expenses</b>				
Administrative Expenses	299,074	291,473	7,601	2.6%
Tenant Services	2,051	921	1,130	122.7%
Utilities	172,516	180,850	(8,334)	-79.4%
Operations and maintenance	369,997	275,274	94,723	34.4%
Insurance	42,514	39,687	2,827	7.1%
Other General	35,811	64,505	(28,694)	-44.5%
Housing assistance payments	1,178,099	1,161,684	16,415	1.4%
Depreciation	<u>246,676</u>	<u>257,154</u>	<u>(10,478)</u>	-4.1%
Total Expenses	<u>\$ 2,346,738</u>	<u>\$ 2,271,932</u>	<u>\$ 74,809</u>	3.3%

New Castle Housing Authority  
New Castle, Indiana  
Management's Discussion and Analysis  
June 30, 2020

Change in net position	24,341	(42,665)	67,006
Beginning net position	<u>3,316,997</u>	<u>3,359,662</u>	<u>(42,655)</u>
Ending net position	<u>\$ 3,341,338</u>	<u>\$ 3,316,997</u>	<u>\$ 24,341</u>

**ANALYSIS OF FINANCIAL STATEMENTS (CONTINUED):**

Total revenues and contributions increased by \$142,196 due to increases in HUD operating grants, capital contributions, interest, and other income. This increase was partially offset by decreases in tenant revenue, and fraud recovery.

Total expenses increased by \$74,809 due to increases in administrative expenses, tenant services, operations and maintenance, insurance, and housing assistance payments. This was partially offset by decreases in utilities, general expenses, and depreciation.

**BUDGETARY HIGHLIGHTS:**

**Low Rent Public Housing (Operations Only)**

The Board approved budget anticipated an operating income of \$111,496. Actual result of operations was an operating income before depreciation of 111,498, for a variance of \$2.

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

*Capital Assets* - The New Castle Housing Authority's capital assets, as of June 30, 2020 amounts to \$2,764,586 (net of accumulated depreciation). The capital assets include land, buildings, improvements, equipment, and construction in progress.

**CAPITAL ASSETS  
NET OF ACCUMULATED DEPRECIATION  
JUNE 30, 2020**

	<u>2019</u>	<u>2019</u>	<u>Dollar Change</u>
Land	\$ 917,432	\$ 917,432	\$ ----
Building	8,034,848	7,874,658	160,190
Furniture, equipment and machinery- dwelling	79,254	79,254	----
Furniture, equipment and machinery- administration	171,405	176,932	(5,527)
Construction in progress	<u>0</u>	<u>5,521</u>	<u>(5,521)</u>
	9,202,939	9,053,797	149,142
Accumulated depreciation	<u>6,438,353</u>	<u>6,198,256</u>	<u>240,097</u>
Total	<u>\$ 2,764,586</u>	<u>\$ 2,855,541</u>	<u>\$ (90,955)</u>

**New Castle Housing Authority  
New Castle, Indiana  
Management's Discussion and Analysis  
June 30, 2020**

The total decrease in the Authority's capital assets for the current fiscal year was \$90,955. Actual expenditures to improve buildings were \$160,190 for the year. The Authority has \$37,786 available in Capital Funds to draw down and spend in the future.

For additional information see the notes to financial statements.

*Debt Administration* - The New Castle Housing Authority has no debt as of June 30, 2020

**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, 2020

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 640,281
Restricted cash & cash equivalents	109,556
Accounts receivable, net	123,911
Prepaid expenses	55,872
Inventory, net	34,269
<b>Total Current Assets</b>	<b>963,889</b>

**Capital Assets**

Land and other nondepreciable assets	917,432
Depreciable capital assets, net	1,847,154
<b>Total Capital Assets</b>	<b>2,764,586</b>

<b>Total Assets</b>	<b>3,728,475</b>
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**Deferred outflow of resources**

Pension related	31,147
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<b>Total Assets and Deferred Outflow of Resources</b>	<b>3,759,622</b>
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**LIABILITIES**

**Current liabilities**

Accounts payable	142,637
Accrued liabilities	14,575
Payable from restricted cash and and cash equivalents:	
Tenant's security deposits	53,688
Unearned revenue	31,906
<b>Total Current Liabilities</b>	<b>242,806</b>

**Noncurrent liabilities**

Net Pension Liability	149,058
<b>Noncurrent Liabilities</b>	<b>149,058</b>

<b>Total Liabilities</b>	<b>391,864</b>
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**Deferred inflow of resources**

Pension related	26,420
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**NET POSITION**

Investment in capital assets	2,764,586
Restricted	23,962
Unrestricted	552,790
<b>Total Net Position</b>	<b>\$ 3,341,338</b>

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, 2020

OPERATING REVENUES

Rental income	\$	477,657
Other income		17,739
		495,396
<b>TOTAL OPERATING REVENUE</b>		<b>495,396</b>

OPERATING EXPENSES

Administrative		313,026
Tenant Services		2,051
Utilities		172,516
Ordinary maintenance and operation		369,997
General expense		64,373
Housing assistance payments		1,178,099
Depreciation expense		246,676
		2,346,738
<b>TOTAL OPERATING EXPENSES</b>		<b>2,346,738</b>

OPERATING INCOME (LOSS)		<b>(1,851,342)</b>
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NONOPERATING REVENUES / (EXPENSE)

Federal operating grants		1,716,163
Interest income		4,851
		1,721,014
<b>TOTAL NONOPERATING REVENUES / (EXPENSE)</b>		<b>1,721,014</b>

Net income before capital contributions		<b>(130,328)</b>
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CAPITAL CONTRIBUTIONS		154,669
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CHANGE IN NET POSITION		24,341
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TOTAL NET POSITION - BEGINNING OF YEAR		3,316,997
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TOTAL NET POSITION - END OF YEAR	\$	<b>3,341,338</b>
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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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	415,541
Payments to vendors		(477,283)
Payments to landlords		(1,178,099)
Payments to employees		(359,854)
Net Cash (Used) by Operating Activities		<u>(1,599,695)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		1,716,163
Net Cash From Noncapital Financing Activities		<u>1,716,163</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received		154,669
Gain (Loss) on sale of capital assets		0
Acquisition and construction of capital assets		(142,563)
Net Cash Flows Provided by (Used)		
Capital and Related Financing Activities		<u>12,106</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		4,851
Net Cash Flows Provided by		
Investing Activities		<u>4,851</u>

Net Increase (Decrease) in Cash and Cash Equivalentents		133,425
Cash - Beginning of year		<u>616,412</u>
Cash - End of year	\$	<u><u>749,837</u></u>

Reconciliation of Cash		
Unrestricted	\$	640,281
Restricted		109,556
	\$	<u><u>749,837</u></u>

Continued

NEW CASTLE HOUSING AUTHORITY  
New Castle, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

Operating income (loss)	\$ (1,851,342)
Adjustments to reconcile operating net income (loss) to net cash Provided by operating activities:	
Depreciation	246,676
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(109,739)
Prepaid expenses	(14,842)
Inventory	12,404
Increase (Decrease) in:	
Accounts payable	121,853
Accrued liabilities	(15,316)
Unearned revenue	29,884
Pension liabilities	<u>(19,273)</u>
Net Cash Flows Provided (Used) by Operating Activities	\$ <u>(1,599,695)</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, 2020

**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, 2020, 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, 2020

(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, 2020.

**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, 2020

(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, 2020

(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, 2020, 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, 2020, the carrying amount of the Authority's deposits was \$749,837 and the bank balance was \$804,650. 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>\$ 749,837</u>
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NEW CASTLE HOUSING AUTHORITY  
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(Continued)

**NOTE C - Accounts Receivable:**

Accounts receivable at June 30, 2020, consist of the following:

Tenant accounts receivable	\$ 3,348
Accounts receivable - HUD	114,125
Fraud recovery net of allowance of 11,607	<u>6,438</u>
Total	<u>\$123,911</u>

**NOTE D - Prepaid Expense:**

Prepaid expenses at June 30, 2020, consists of the following:

Prepaid insurance	<u>\$ 55,872</u>
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**NOTE E - Inventory:**

Inventory at June 30, 2020, consists of the following:

Materials and supplies, Net of Allowance of \$1,804	<u>\$ 34,269</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>6/30/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending Balance <u>6/30/20</u>
Capital assets, not being depreciated:					
Land	\$ 917,432	\$ 0	\$ 0	\$ 0	\$ 917,432
Construction in Progress	<u>5,521</u>	<u>154,669</u>	<u>0</u>	<u>(160,190)</u>	<u>0</u>
Total Capital Assets, Not being depreciated	<u>922,954</u>	<u>154,669</u>	<u>0</u>	<u>(160,190)</u>	<u>917,432</u>
Capital Assets, being depreciated:					
Buildings & Improvements	7,874,658	0	0	160,190	8,034,848
Furniture, Equipment & Machinery	<u>256,186</u>	<u>0</u>	<u>5,527</u>	<u>0</u>	<u>250,659</u>
Total Capital Assets, being depreciated	<u>8,130,844</u>	<u>0</u>	<u>5,527</u>	<u>160,190</u>	<u>8,285,507</u>

NEW CASTLE HOUSING AUTHORITY  
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(Continued)

NOTE F - Capital Assets: (Continued)

Less Accumulated Depreciation for:					
Buildings & Improvements	( 6,012,308)	( 219,408)	0	0	( 6,231,716)
Furniture, Equipment and Machinery	( 185,948)	( 27,268)	6,579	0	( 206,637)
 Total Accumulated Depreciation:	 ( 6,198,256)	 ( 246,676)	 6,579	 0	 ( 6,438,353)
Total Capital Assets, being depreciated, net	1,932,588	( 246,676)	1,052	160,190	1,847,154
Capital Assets, Net	<u>\$ 2,855,541</u>	<u>\$( 92,007)</u>	<u>\$ 1,052</u>	<u>\$ 0</u>	<u>\$ 2,764,586</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](http://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, 2020

(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, 2019, the Authority's proportionate share was 0.00451.

***Net Pension Liability***

At June 30, 2019, the Authority reported a liability of \$149,058. The proportionate share of the liability as of June 30, 2018 was \$152,188.

***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, 2020

(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, 2020

(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
<b>Total</b>	<b>100%</b>	<b>100%</b>

**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, 2020

(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%)
\$239,390	\$149,058	\$73,715

**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	\$3,947	\$0
Net differences between projected and actual investment earnings on pension plan investments	0	\$7,046
Change of assumptions	\$33	\$16,204
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$975	\$ 3,170
Contributions made after plan year end (measurement date)	\$26,192	\$0
<b>Total</b>	<b>\$31,147</b>	<b>\$ 26,420</b>

NEW CASTLE HOUSING AUTHORITY  
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(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)	
2020	\$(7,642)
2021	\$(11,314)
2022	\$(1,961)
2023	\$548
2024	\$0
Thereafter	\$0
Total	\$21,465

The information presented above has not been audited.

NOTE H - Accounts Payable:

Accounts payable at June 30,2020, consist of the following:

Vendor Accounts Payable	<u>\$ 142,637</u>
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NOTE I - Accrued Liabilities:

Accrued liabilities at June,30 2020, consist of the following:

Accounts payable - other government	\$ 9,859
Accrued compensated absences	<u>4,716</u>
Total	<u>\$ 14,575</u>

NOTE J - Unearned Revenue:

Unearned revenue at June,30 2020, consist of the following:

Cares funds	\$ 30,118
Prepaid rent	<u>1,788</u>
Total	<u>\$ 31,926</u>

NEW CASTLE HOUSING AUTHORITY  
New Castle, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(Continued)

**NOTE K - Schedule of Changes in Noncurrent Liabilities:**

Noncurrent liabilities at June 30, 2020, consist of the following:

	<u>6/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/31/20</u>	<u>Due within one year</u>	<u>Total</u>
Accrued Compensated absences	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,716	4,716
Pension	152,188	0	3,130	149,058	0	149,058
Total	<u>\$ 152,188</u>	<u>\$ 0</u>	<u>\$ 3,130</u>	<u>\$ 149,058</u>	<u>\$ 4,716</u>	<u>\$ 153,774</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, 2020 were as follows:

Low Rent Public Housing	\$ 258,960
Housing Choice Voucher	1,312,886
Capital Fund Program	143,248
Cares Act	<u>1,069</u>
Total	<u>\$1,716,163</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, 2020 were:

Capital Fund	<u>\$ 154,669</u>
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**NOTE N- Commitments and Contingencies:**

**Litigation:** At June 30, 2020, 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, 2020.

**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, 2020. 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, 2020

(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 16, 2020 (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>	<u>2019</u>
New Castle Housing Authority's proportion of the net pension liability	.0000573	.0000572	.0000458	.0000448	.0000451
New Castle Housing Authority's proportionate share of the net pension liability	\$ 233,377	\$ 259,599	\$ 204,332	\$ 152,188	\$ 149,058
New Castle Housing Authority's covered employee payroll	\$ 274,280	\$ 273,955	227,186	\$ 228,517	\$ 234,863
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%	.63%

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>	<u>2019</u>
Contractually required contribution	\$ 30,720	\$ 30,377	\$ 25,445	\$ 25,445	\$ 26,305
Contributions in relation to the contractually required contribution	<u>30,720</u>	<u>30,377</u>	<u>25,445</u>	<u>25,445</u>	<u>26,305</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<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	\$ 234,863
Contributions as a percentage of covered employee payroll	11.2%	11.09%	11.09%	11.13%	11.2%

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, 2020

	<u>C-2003</u>	<u>Annual</u> <u>C-2003</u>
	<u>Low</u>	<u>Capital</u>
	<u>Income</u>	<u>Fund</u>
	<u>Public</u>	<u>Programs</u>
	<u>Housing</u>	
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 365,640	\$ 0
Restricted cash & cash equivalents	55,476	0
Accounts receivable, net	117,298	0
Interprogram due from	8,534	0
Prepaid expenses	51,841	0
Inventory, net	34,269	0
<b>Total Current Assets</b>	<b>633,058</b>	<b>0</b>
<b><u>Capital Assets</u></b>		
Land and other nondepreciable assets	917,432	0
Depreciable capital assets, net	1,847,154	0
<b>Total Capital Assets</b>	<b>2,764,586</b>	<b>0</b>
<b>Total Assets</b>	<b>3,397,644</b>	<b>0</b>
<b><u>Deferred outflow of resources</u></b>		
Pension related	26,205	0
<b>Total Assets and Deferred Outflow of Resources</b>	<b>3,423,849</b>	<b>0</b>
<b><u>LIABILITIES</u></b>		
<b><u>Current liabilities</u></b>		
Accounts payable	138,994	0
Accrued liabilities	13,691	0
Interprogram due to	0	0
Payable from restricted cash and and cash equivalents:		
Tenants security deposits	53,688	0
Unearned revenue	1,788	0
<b>Total Current Liabilities</b>	<b>208,161</b>	<b>0</b>
<b><u>Noncurrent Liabilities</u></b>		
Long Term Compensated Absences	0	
Net Pension Liability	125,408	0
<b>Total Long Term Liabilities</b>	<b>125,408</b>	<b>0</b>
<b>Total liabilities</b>	<b>333,569</b>	<b>0</b>
<b><u>Deferred inflow of resources</u></b>		
Pension related	22,228	0
<b><u>NET POSITION</u></b>		
Investment in capital assets	2,764,586	0
Restricted	0	0
Unrestricted	303,466	0
<b>Total Net Position</b>	<b>\$ 3,068,052</b>	<b>\$ 0</b>

1 Contributions Contracts

IN050		IN050		C-2003		Interprogram Elimination	Total
Section 8 Housing Choice Vouchers	HCV Cares Act Funding	LRPH Cares Act Funding					
\$ 274,641	\$ 0	\$ 0	\$ 0	\$ 0	\$ 640,281		
23,962	30,118	0	0	0	109,556		
6,438	0	175	0	0	123,911		
0	0	0	(8,534)	0	0		
4,031	0	0	0	0	55,872		
0	0	0	0	0	34,269		
<u>309,072</u>	<u>30,118</u>	<u>175</u>	<u>(8,534)</u>	<u>0</u>	<u>963,889</u>		
0	0	0	0	0	917,432		
0	0	0	0	0	1,847,154		
0	0	0	0	0	<u>2,764,586</u>		
<u>309,072</u>	<u>30,118</u>	<u>175</u>	<u>(8,534)</u>	<u>0</u>	<u>3,728,475</u>		
4,942	0	0	0	0	31,147		
<u>314,014</u>	<u>30,118</u>	<u>175</u>	<u>(8,534)</u>	<u>0</u>	<u>3,759,622</u>		
3,643	0	0	0	0	142,637		
884	0	0	0	0	14,575		
8,359	0	175	(8,534)	0	0		
0	0	0	0	0	53,688		
0	30,118	0	0	0	31,906		
<u>12,886</u>	<u>30,118</u>	<u>175</u>	<u>(8,534)</u>	<u>0</u>	<u>242,806</u>		
0	0	0	0	0	0		
23,650	0	0	0	0	149,058		
<u>23,650</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>149,058</u>		
<u>36,536</u>	<u>30,118</u>	<u>175</u>	<u>(8,534)</u>	<u>0</u>	<u>391,864</u>		
4,192	0	0	0	0	26,420		
0	0	0	0	0	2,764,586		
23,962	0	0	0	0	23,962		
249,324	0	0	0	0	552,790		
<u>\$ 273,286</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,341,338</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, 2020

	C-2003	Annual (C-2003)
	Low Income Public Housing	Capital Fund Programs
<b><u>OPERATING REVENUES</u></b>		
Rental income	\$ 477,657	\$ 0
Other income	9,934	0
<b>TOTAL OPERATING REVENUE</b>	<b>487,591</b>	<b>0</b>
<b><u>OPERATING EXPENSES</u></b>		
Administrative	208,982	0
Tenant Services	1,387	0
Utilities	172,516	0
Ordinary maintenance and operation	369,676	0
General expense	52,908	0
Housing assistance payments	0	0
Depreciation expense	246,597	0
<b>TOTAL OPERATING EXPENSES</b>	<b>1,052,066</b>	<b>0</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(564,475)</b>	<b>0</b>
<b><u>NONOPERATING REVENUES / (EXPENSE)</u></b>		
Federal operating grants	258,730	143,478
Interest income	4,701	0
<b>TOTAL NONOPERATING REVENUES / (EXPENSE)</b>	<b>263,431</b>	<b>143,478</b>
<b>Net income before capital contributions</b>	<b>(301,044)</b>	<b>143,478</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>0</b>	<b>154,669</b>
<b>CHANGE IN NET POSITION</b>	<b>(301,044)</b>	<b>298,147</b>
<b>TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated</b>	<b>3,070,949</b>	<b>0</b>
Operating transfers	298,147	(298,147)
<b>TOTAL NET POSITION - BEGINNING OF YEAR, as restated</b>	<b>3,369,096</b>	<b>(298,147)</b>
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ 3,068,052</b>	<b>\$ 0</b>



NEW CASTLE HOUSING AUTHORITY  
New Castle, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND COSTS - COMPLETED  
JUNE 30, 2020

1. The Capital Fund Costs are as follows:	.	<u>Capital Fund</u>
		<u>501-18</u>
Funds Approved	\$	269,240
Funds Expended		<u>269,240</u>
Excess / (Deficiency) of Funds Approved	\$	<u><u>0</u></u>
Funds Advanced	\$	269,240
Funds Expended		<u>269,240</u>
Excess / (Deficiency) of Funds Advanced	\$	<u><u>0</u></u>

2. Cost additions totaling \$ 55,994 were made during the current audit period, and accordingly were audited by Goldie Roberts, CPA.

3. The Distribution of Costs by project as shown on the Final Statement of Capital Fund accompanying the Actual Cost Certificate submitted to HUD for approval is in agreement with the Authority's records.

4. All liabilities have been paid and there are no undischarged mechanics', laborers', contractors', or material-mens' liens against the project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.

5. There were no budget overruns.

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$450,327				\$450,327		\$450,327
70400 Tenant Revenue - Other	\$27,330				\$27,330		\$27,330
70500 Total Tenant Revenue	\$477,657	\$0	\$0	\$0	\$477,657	\$0	\$477,657
70600 HUD PHA Operating Grants	\$402,208	\$405	\$1,312,886	\$664	\$1,716,163		\$1,716,163
70610 Capital Grants	\$154,669				\$154,669		\$154,669
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	\$4,701		\$150		\$4,851		\$4,851
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery			\$7,683		\$7,683		\$7,683
71500 Other Revenue	\$9,934		\$6,722		\$16,656	-\$6,600	\$10,056
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	\$1,049,169	\$405	\$1,327,441	\$664	\$2,377,679	-\$6,600	\$2,371,079
91100 Administrative Salaries	\$120,497		\$50,585		\$171,082		\$171,082
91200 Auditing Fees	\$2,749		\$2,748		\$5,497		\$5,497
91300 Management Fee							
91310 Book-keeping Fee							
91400 Advertising and Marketing			\$112		\$112		\$112
91500 Employee Benefit contributions - Administrative	\$33,245		\$16,177		\$49,422		\$49,422
91600 Office Expenses	\$20,077	\$105	\$21,090		\$41,272	-\$6,600	\$34,672

91700 Legal Expense							
91800 Travel	\$87				\$87		\$87
91810 Allocated Overhead							
91900 Other	\$21,107		\$17,095		\$38,202		\$38,202
91000 Total Operating - Administrative	\$197,762	\$105	\$107,807	\$0	\$305,674	-\$6,600	\$299,074
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other	\$1,387			\$664	\$2,051		\$2,051
92500 Total Tenant Services	\$1,387	\$0	\$0	\$664	\$2,051	\$0	\$2,051
93100 Water	\$3,099				\$3,099		\$3,099
93200 Electricity	\$138,037				\$138,037		\$138,037
93300 Gas	\$4,957				\$4,957		\$4,957
93400 Fuel							
93500 Labor							
93600 Sewer	\$23,440				\$23,440		\$23,440
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense	\$2,983				\$2,983		\$2,983
93000 Total Utilities	\$172,516	\$0	\$0	\$0	\$172,516	\$0	\$172,516
94100 Ordinary Maintenance and Operations - Labor	\$103,242				\$103,242		\$103,242
94200 Ordinary Maintenance and Operations - Materials and Other	\$71,845	\$300	\$21		\$72,166		\$72,166
94300 Ordinary Maintenance and Operations Contracts	\$158,481				\$158,481		\$158,481
94500 Employee Benefit Contributions - Ordinary Maintenance	\$36,108				\$36,108		\$36,108
94000 Total Maintenance	\$369,676	\$300	\$21	\$0	\$369,997	\$0	\$369,997
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	\$0	\$0
96110 Property Insurance	\$29,800				\$29,800		\$29,800
96120 Liability Insurance	\$4,230				\$4,230		\$4,230
96130 Workmen's Compensation	\$2,697		\$870		\$3,567		\$3,567
96140 All Other Insurance	\$2,702		\$2,215		\$4,917		\$4,917
96100 Total insurance Premiums	\$39,429	\$0	\$3,085	\$0	\$42,514	\$0	\$42,514

96200 Other General Expenses	\$2,203		\$599		\$2,802		\$2,802
96210 Compensated Absences	\$11,220		\$2,732		\$13,952		\$13,952
96300 Payments in Lieu of Taxes	\$9,859				\$9,859		\$9,859
96400 Bad debt - Tenant Rents	\$1,417		\$7,781		\$9,198		\$9,198
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$24,699	\$0	\$11,112	\$0	\$35,811	\$0	\$35,811
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	\$0	\$0
96900 Total Operating Expenses	\$805,469	\$405	\$122,025	\$664	\$928,563	-\$6,600	\$921,963
97000 Excess of Operating Revenue over Operating Expenses	\$243,700	\$0	\$1,205,416	\$0	\$1,449,116	\$0	\$1,449,116
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments			\$1,171,796		\$1,171,796		\$1,171,796
97350 HAP Portability-In			\$6,303		\$6,303		\$6,303
97400 Depreciation Expense	\$246,597		\$79		\$246,676		\$246,676
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$1,052,066	\$405	\$1,300,203	\$664	\$2,353,338	-\$6,600	\$2,346,738
10010 Operating Transfer In	\$143,478				\$143,478	-\$143,478	\$0
10020 Operating transfer Out	-\$143,478				-\$143,478	\$143,478	\$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	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$2,897	\$0	\$27,238	\$0	\$24,341	\$0
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030	Beginning Equity	\$3,070,949	\$0	\$246,048	\$0	\$3,316,997	\$3,316,997
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$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			\$249,324		\$249,324	\$249,324
11180	Housing Assistance Payments Equity			\$23,962		\$23,962	\$23,962
11190	Unit Months Available	1872		3672		5544	5544
11210	Number of Unit Months Leased	1865		3599		5464	5464
11270	Excess Cash	\$271,665				\$271,665	\$271,665
11610	Land Purchases	\$0				\$0	\$0
11620	Building Purchases	\$154,669				\$154,669	\$154,669
11630	Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0
11640	Furniture & Equipment - Administrative Purchases	\$1,052				\$1,052	\$1,052
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 (IN050)  
NEW CASTLE, IN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$365,640		\$274,641		\$640,281		\$640,281
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted			\$23,962	\$30,118	\$54,080		\$54,080
114 Cash - Tenant Security Deposits	\$53,688				\$53,688		\$53,688
115 Cash - Restricted for Payment of Current Liabilities	\$1,788				\$1,788		\$1,788
100 Total Cash	\$421,116	\$0	\$298,603	\$30,118	\$749,837	\$0	\$749,837
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	\$113,950	\$175			\$114,125		\$114,125
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous							
126 Accounts Receivable - Tenants	\$3,348				\$3,348		\$3,348
126.1 Allowance for Doubtful Accounts - Tenants	\$0				\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery			\$19,450		\$19,450		\$19,450
128.1 Allowance for Doubtful Accounts - Fraud			-\$13,012		-\$13,012		-\$13,012
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$117,298	\$175	\$6,438	\$0	\$123,911	\$0	\$123,911
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$51,841		\$4,031		\$55,872		\$55,872
143 Inventories	\$36,073				\$36,073		\$36,073
143.1 Allowance for Obsolete Inventories	-\$1,804				-\$1,804		-\$1,804
144 Inter Program Due From	\$8,534				\$8,534	-\$8,534	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$633,058	\$175	\$309,072	\$30,118	\$972,423	-\$8,534	\$963,889
161 Land	\$917,432				\$917,432		\$917,432

162 Buildings	\$8,034,848				\$8,034,848		\$8,034,848
163 Furniture, Equipment & Machinery - Dwellings	\$79,254				\$79,254		\$79,254
164 Furniture, Equipment & Machinery - Administration	\$147,781		\$23,624		\$171,405		\$171,405
165 Leasehold Improvements							
166 Accumulated Depreciation	-\$6,414,729		-\$23,624		-\$6,438,353		-\$6,438,353
167 Construction in Progress							
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,764,586	\$0	\$0	\$0	\$2,764,586	\$0	\$2,764,586
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	\$2,764,586	\$0	\$0	\$0	\$2,764,586	\$0	\$2,764,586
200 Deferred Outflow of Resources	\$26,205		\$4,942		\$31,147		\$31,147
290 Total Assets and Deferred Outflow of Resources	\$3,423,849	\$175	\$314,014	\$30,118	\$3,768,156	-\$8,534	\$3,759,622
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$31,624		\$3,458		\$35,082		\$35,082
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable							
322 Accrued Compensated Absences - Current Portion	\$3,832		\$884		\$4,716		\$4,716
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	\$9,859				\$9,859		\$9,859
341 Tenant Security Deposits	\$53,688				\$53,688		\$53,688
342 Unearned Revenue	\$1,788			\$30,118	\$31,906		\$31,906
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	\$107,370		\$185		\$107,555		\$107,555
347 Inter Program - Due To		\$175	\$8,359		\$8,534	-\$8,534	\$0
348 Loan Liability - Current							
310 Total Current Liabilities	\$208,161	\$175	\$12,886	\$30,118	\$251,340	-\$8,534	\$242,806

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	\$125,408		\$23,650		\$149,058		\$149,058
350 Total Non-Current Liabilities	\$125,408	\$0	\$23,650	\$0	\$149,058	\$0	\$149,058
300 Total Liabilities	\$333,569	\$175	\$36,536	\$30,118	\$400,398	-\$8,534	\$391,864
400 Deferred Inflow of Resources	\$22,228		\$4,192		\$26,420		\$26,420
508.4 Net Investment in Capital Assets	\$2,764,586				\$2,764,586		\$2,764,586
511.4 Restricted Net Position			\$23,962		\$23,962		\$23,962
512.4 Unrestricted Net Position	\$303,466	\$0	\$249,324	\$0	\$552,790		\$552,790
513 Total Equity - Net Assets / Position	\$3,068,052	\$0	\$273,286	\$0	\$3,341,338	\$0	\$3,341,338
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,423,849	\$175	\$314,014	\$30,118	\$3,768,156	-\$8,534	\$3,759,622

NEW CASTLE HOUSING AUTHORITY  
New Castle, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>EXPENDITURES</u>
<b><u>U.S. DEPARTMENT OF HUD</u></b>				
C-2003	Public and Indian Housing	14.850	\$ 258,960	\$ 258,960
IN-095	Housing Voucher Cluster Housing Choice Vouchers	14.871	1,312,886	1,312,886
C-2003	Public Housing Capital Fund	14.872	546,765	297,917
	Public Housing Care Act	14.PHC	<u>1,069</u>	<u>1,069</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b><u>\$ 2,119,680</u></b>	<b><u>\$ 1,870,832</u></b>

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, 2020. 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. 14<sup>th</sup> 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, 2020, 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 16, 2020.

### **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 16, 2020

# 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. 14<sup>th</sup> 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, 2020. 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, 2020.

### 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 16, 2020

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

14.871

Housing Voucher Cluster  
Section 8 Housing Choice Vouchers

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.