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July 18, 2014

Board of Directors
Terre Haute Housing Authority
P.O. Box 3086
One Dreiser Square
Terre Haute, IN 47803

We have reviewed the audit report prepared by Jean Sickels, CPA, Independent Public Accountant, for the period October 1, 2008 to September 30, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Terre Haute Housing Authority, as of September 30, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE

AUDITED FINANCIAL STATEMENTS

Terre Haute, Indiana

September 30, 2009

Jean Sickels

Certified Public Accountant

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Fredericksburg, IN 47120
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HOUSING AUTHORITY
OF THE CITY OF TERRE HAUTE

AUDITED FINANCIAL STATEMENTS

TERRE HAUTE, INDIANA
SEPTEMBER 30, 2009

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Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Terre Haute
P O Box 3086
Terre Haute, Indiana 47803-0086

I have audited the accompanying financial statements of the Housing Authority of the City of Terre Haute, herein referred to as the Authority, as of and for the year ended September 30, 2009, which comprise the Authority's financial statements, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Terre Haute as of September 30, 2009, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 4, 2010, on my consideration of the Housing Authority of the City of Terre Haute's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis, is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries made of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

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



Certified Public Accountant

Fredericksburg, Indiana
June 4, 2010

**Housing Authority of the City of Terre Haute
Management's Discussion and Analysis (MD&A)
September 30, 2009**

The management of the Terre Haute Housing Authority (PHA) offers this narrative overview and analysis of its audited financial statements for fiscal year ended September 30, 2009. 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 September 30, 2009 by \$13,173,664 (Net Assets).
- The PHA's investment in Capital Assets, net of related debt as of September 30, 2009 was \$10,599,193.
- The PHA's total revenue and contributions for the fiscal year end September 30, 2009 was \$8,549,553.
- The PHA's total expenses for the fiscal year end September 30, 2009 was \$8,371,455. Therefore, the PHA's revenues and contributions exceed its expenses by \$178,098.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The following financial statements are included in this report:

- *Statement of Net Assets* - reports the Authority's current financial resources: its cash and other current assets, current and non-current liabilities and comparing those two elements, the resulting net assets of the PHA. A comparison between this year and the preceding year is also provided.
- *Statement of Revenue and Expenses and Change in Net Assets* - reports the PHA's various revenue and expenses and provides a comparison between this year and the preceding year.

**Housing Authority of the City of Terre Haute
Management's Discussion and Analysis (MD&A)
September 30, 2009**

ANALYSIS OF FINANCIAL STATEMENTS:

**STATEMENTS OF NET ASSETS
SEPTEMBER 30,**

	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 2,492,987	\$ 2,095,040	\$ 397,947	19.0%
Restricted assets	875,889	350,349	525,540	150.0%
Capital assets	<u>11,530,076</u>	<u>12,665,885</u>	<u>(1,135,809)</u>	-9.0%
Total Assets	14,898,952	15,111,274	(212,322)	-1.4%
Current liabilities	712,495	996,763	(284,268)	-29.5%
Noncurrent liabilities	<u>1,022,377</u>	<u>1,118,945</u>	<u>(96,568)</u>	- 8.6%
Total Liabilities	<u>1,734,872</u>	<u>2,115,708</u>	<u>(380,836)</u>	-18.5%
Net Assets				
Invested in capital assets, net of related debt	10,589,609	11,394,804	(805,195)	-7.0%
Restricted for HAP	639,633	205,854	433,779	210.7%
Unrestricted	<u>1,934,838</u>	<u>1,394,908</u>	<u>539,930</u>	-38.7%
Total Net Assets	<u>\$ 13,164,080</u>	<u>\$ 12,995,566</u>	<u>168,514</u>	1.4%

ANALYSIS OF FINANCIAL STATEMENTS (CONTINUED):

Net assets 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 \$13,164,080 at the close of the year ended September 30, 2009 up from \$12,995,566 in 2008. The increase in net assets of \$168,514 was due to the gain in change in net assets for the year.

The unrestricted net assets were \$1,934,838 as of September 30, 2009. This amount may be used to meet the Authority's ongoing obligations. The Authority had \$639,633 of net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

**Housing Authority of the City of Terre Haute
Management's Discussion and Analysis (MD&A)
September 30, 2009**

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
SEPTEMBER 30,**

	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating -non-operating -capital contributions:				
Rental revenue	\$ 1,479,895	\$ 1,632,434	\$ (152,539)	-9.3%
HUD operating grants	6,879,248	6,873,727	5,521	0.0%
Other governmental grants	109,808	55,940	53,868	96.3%
Interest income	8,216	16,923	(8,707)	-51.5%
Gain (Loss) on sale of fixed assets	0	(164,794)	(164,794)	-100.0%
Other income	438,299	241,152	197,147	81.8%
Total Revenues and Contributions	<u>8,915,466</u>	<u>8,655,382</u>	<u>(260,084)</u>	3%
Expenses				
Administrative Expenses	1,297,730	1,342,281	(44,551)	-3.3%
Tenant Services	144,915	329,653	(184,738)	-56.0%
Utilities	817,877	819,504	(1,627)	-0.2%
Operations and maintenance	1,452,790	2,290,048	(837,258)	-35.6%
Protective Services	42,163	5,626	36,537	649.4%
Insurance	168,050	177,850	(9,800)	-5.5%
Payment in lieu of taxes	69,006	64,992	4,014	6.2%
Other supplies and expenses	84,481	87,724	(3,243)	-3.7%
Housing assistance payments	3,185,312	3,559,199	(373,887)	-10.5%
Interest expense	50,420	108,007	(57,587)	-53.3%
Extraordinary Maintenance	0	3,892	(3,892)	-100.00%
Casualty Losses	218,285	41,704	176,581	423.4%
Depreciation	840,426	2,563,686	(1,723,260)	-67.2%
Total Expenses	<u>8,381,039</u>	<u>11,394,166</u>	<u>(3,013,127)</u>	-26.5%
Change in net assets	534,427	(2,738,784)	3,273,211	
Beginning net assets	12,995,566	27,322,616	(14,327,050)	
Prior period adjustments	<u>(365,913)</u>	<u>(11,588,266)</u>	<u>11,222,353</u>	
Beginning net assets, adjusted	<u>12,629,653</u>	<u>15,734,350</u>	<u>(3,104,697)</u>	
Ending net assets	<u>\$ 13,164,080</u>	<u>\$ 12,995,566</u>	<u>\$ 168,715</u>	

**Housing Authority of the City of Terre Haute
Management's Discussion and Analysis (MD&A)
September 30, 2009**

ANALYSIS OF FINANCIAL STATEMENTS (CONTINUED):

Total revenues and contributions decreased by \$260,084 due to decreased in rental revenue, interest income and an decrease of loss on sale of capital assets, which were partially offset by increases in HUD operating grants, other governmental grants, and other income. The decrease in Housing and Urban Development (HUD) Operating Grants is due to the decrease in operating subsidy for the Low Rent Program.

Total expenses decreased by \$3,022,711 due to decreases in administrative expenses, tenant services, utilities, operations and maintenance, insurance, other supplies and expenses, housing assistance payments, interest, extraordinary maintenance, and depreciation, which were partially offset by increases in protective services, payment in lieu of taxes, and casualty losses. The increase in protective services is due to additional security personnel contacts. The increase in payment in lieu of taxes is due to the increase in tenant rent charges and a decrease in utilities. The increase in casualty losses is due to increased property fire damage during the current year. The decrease in administrative expenses is due to the decrease in personal. The decrease in tenant services, operations and maintenance, and other supplies is due to cut back of unnecessary purchases. The decrease in utilities is due to the decrease in utility consumption and rates. The decrease in housing assistance payments is due to fewer payments passed through to landlords for rent. The prior period adjustment consists of the loss on sale of capital assets which was caused from a re-evaluation of the capital asset values to insurance values.

BUDGETARY HIGHLIGHTS:

Low Rent Public Housing (Operations Only)

The Board approved budget anticipated an operating gain of \$696,659. Actual result of operation was an operation income before depreciation of \$1,018,524, for a variance of \$321,865.

CAPITAL ASSETS & LONG TERM DEBT ACTIVITY DURING THE YEAR:

Capital Assets - The Terre Haute Housing Authority's capital assets, as of September 30, 2009 amounts to \$11,530,076 (net of accumulated depreciation). The capital assets include land, buildings, improvements, equipment and construction in progress.

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

	2009	2008	Dollar Change
Land	\$ 602,478	\$ 601,300	\$ 1,178
Building	29,978,557	34,687,829	-4,709,272
Furniture, equipment and machinery- dwelling	84,963	583,250	-498,287
Furniture, equipment and machinery- administration	210,662	1,375,764	(1,165,102)
Leasehold improvements	922,798	7,500,818	(6,578,020)
	31,799,458	44,748,961	(12,949,503)
Accumulated depreciation	20,269,382	32,083,076	(11,813,694)
Total	\$ 11,530,076	\$ 12,665,885	\$ (1,135,809)

**Housing Authority of the City of Terre Haute
Management's Discussion and Analysis (MD&A)
September 30, 2009**

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 \$1,135,809 or -9.0% in terms of net book value. Actual expenditures to purchase equipment and construct capital assets were \$70,531 for the year.

Debt Administration - The Terre Haute Housing Authority has a long-term debt in the amount of \$1,271,081 as of September 30, 2009.

	Balance 09/30/08	Additions	Reductions	Balance 09/30/09	Due Within One Year	Long-Term Portion
Total Long-Term Debt	<u>\$ 850,525</u>	<u>\$ 99,942</u>	<u>\$ 0</u>	<u>\$ 950,467</u>	<u>\$ 187,654</u>	<u>\$ 762,813</u>

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the PHA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Mr. Jeff Stewart, 201 N 19th Street, Terre Haute, Indiana 47804.

FINANCIAL STATEMENTS

TERRE HAUTE HOUSING AUTHORITY
TERRE HAUTE, INDIANA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,679,195
Restricted cash & cash equivalents	165,066
Accounts receivable, net	258,388
Prepaid expenses	166,567
Inventory	99,660
Total Current Assets	<u>3,368,876</u>

Capital Assets

Land and other nondepreciable assets	602,478
Depreciable capital assets, net	<u>10,927,598</u>
Total Capital Assets	<u>11,530,076</u>

Total Assets	<u>14,898,952</u>
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LIABILITIES

Current liabilities

Accounts payable	69,165
Accrued liabilities	284,865
Notes payable - current	187,654
Deferred revenue	5,745
Payable from restricted cash and cash equivalents:	
Tenant's security deposits	<u>165,066</u>
Total Current Liabilities	<u>712,495</u>

Noncurrent Liabilities

Accrued compensated absences	33,298
Family self sufficiency escrow	236,266
Notes payable	<u>752,813</u>
Total Noncurrent Liabilities	<u>1,022,377</u>

Total Liabilities	<u>1,734,872</u>
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NET ASSETS

Invested in capital assets, net of related debt	10,589,609
Restricted	639,633
Unrestricted	<u>1,934,838</u>
Total Net Assets	<u>\$ 13,164,080</u>

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

TERRE HAUTE HOUSING AUTHORITY
TERRE HAUTE, INDIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

OPERATING REVENUES

Rental income	\$ 1,479,895
Other income	<u>438,299</u>
TOTAL OPERATING REVENUE	<u>1,918,194</u>

OPERATING EXPENSES

Administrative	1,297,730
Tenant services	144,915
Utilities	817,877
Ordinary maintenance and operation	1,671,075
Protective services	42,163
General expense	357,796
Housing assistance payments	3,185,312
Depreciation expense	<u>840,427</u>
TOTAL OPERATING EXPENSES	<u>8,357,295</u>

OPERATING INCOME (LOSS)	<u>(6,439,101)</u>
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NONOPERATING REVENUES / (EXPENSES)

Federal operating grants	6,989,056
Interest income	8,216
Interest expense	<u>(23,744)</u>
TOTAL NONOPERATING REVENUES	<u>6,973,528</u>

Net income before capital contributions	534,427
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TOTAL NET ASSETS - BEGINNING OF YEAR, as originally stated	12,995,566
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Prior period adjustments	<u>(365,913)</u>
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TOTAL NET ASSETS - BEGINNING OF YEAR, as restated	<u>12,629,653</u>
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TOTAL NET ASSETS - END OF YEAR	<u>\$ 13,164,080</u>
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The accompanying notes are an integral part of these financial statements.

TERRE HAUTE HOUSING AUTHORITY
TERRE HAUTE, INDIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 2,136,631
Payments to vendors	(2,680,211)
Payments to landlords	(3,185,312)
Payments to employees	(1,855,419)
Net Cash Used by Operating Activities	<u>(5,584,311)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>6,989,056</u>
Net Cash From Noncapital Financing Activities	<u>6,989,056</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>8,216</u>
Net Cash From Investing Activities	<u>8,216</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital assets purchased	295,382
Interest expense	(23,744)
Payments on debt	(340,198)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(68,560)</u>

Net Increase (Decrease) in Cash and Cash Equivalents 1,344,401

Cash - Beginning of year 1,499,860

Cash - End of year \$ 2,844,261

Reconciliation of Cash

Unrestricted	\$ 2,679,195
Restricted	<u>165,066</u>
	<u>\$ 2,844,261</u>

Continued

TERRE HAUTE HOUSING AUTHORITY
TERRE HAUTE, INDIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(CONTINUED)

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

Operating Income (loss)	\$ (6,439,101)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation	840,427
Changes in operating assets and liabilities	
(Increase) Decrease in:	
Accounts receivable, net	361,153
Prepaid expenses	(10,275)
Inventory, net	70,036
Increase (Decrease) in:	
Accounts payable	(446,971)
Accrued liabilities	183,136
Deferred revenue	<u>(142,716)</u>
Net Cash Flows (Used) by Operating Activities	\$ <u>(5,584,311)</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1 - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to special purpose governments engaged in business type activities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Organization: The Housing Authority of the City of Terre Haute is a public body corporate and politic pursuant to the Laws of the State of Indiana, which was, organized to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other Federal Agencies.

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 Housing Authority of the City of Terre Haute, a primary government. 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.

Activities of the Housing Authority:

At September 30, 2009, the Housing Authority had 1,760 units in management and was administering other programs as listed below:

Management

Low-Income Public Housing	\$ 844
Section 8 Housing Choice Vouchers	<u>916</u>
TOTAL ALL PROGRAMS	<u>\$ 1,760</u>

Other Programs

Capital Fund Program
Resident Opportunity and Supportive Services
HIV Grant

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.

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

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (Continued)

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

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

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

Restricted: Net assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

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

Budgets: Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis. Budgets are not, however, legally adopted nor legally required for financial statement presentation.

Cash Equivalents: Cash equivalents consist principally of checking accounts, savings accounts and certificates of deposit. These are stated at fair value. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

Interprogram Receivables and Payables: Interprogram receivables/payables are all current, and are the result of the use of the Low Income Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances is eliminated for the financial statement presentation.

Investments: Investments are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority's agent through the State of Indiana's Collateralization Program. It is the Authority's policy that all funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of Indiana.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (Continued)

Inventories: Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.

Prepaid Items: Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

Restricted Assets: Certain assets may be classified as restricted assets on the balance sheet because their use is restricted by contracts or agreements with outside third parties and lending institutions.

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

Capital Assets:

a. Book Value: All purchased capital assets are valued at cost when historical records are available. When no historical records are available, capital assets are valued at estimated historical cost at the date of acquisition. Estimated historical cost was used to value all capital assets acquired prior to September 30, 2008. Land values were derived from development closeout documentation.

Donated capital assets are recorded at their fair value at the time they are received. Donor imposed restrictions are deemed to expire as the asset depreciates. All normal expenses of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

b. Depreciation: The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. Depreciation commences on modernization and development additions in the year following completion.

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings & Improvements	15-30 years
Furniture, Equipment & Machinery	5-7 years

c. Maintenance and Repair Expenditures: Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$2,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (Continued)

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

Litigation Losses: The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred the loss is probable and the loss is reasonably estimable.

Annual Contribution Contracts: Annual Contribution Contracts provide that HUD shall have the Authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

Risk Management: The Authority is exposed to various risks of loss 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 for all property and equipment, employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

The Authority also participates in a public entity risk pool (Housing Authority's Risk Retention Group). Settled claims resulting from these risks have not exceeded risk pool coverage in any of the past three fiscal years. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of coverage documents.

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

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

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(Continued)

NOTE 1 -- Summary of Significant Accounting Policies and Organization: (Continued)

Leasing Activities (as Lessor): The Authority is the Lessor of dwelling units mainly 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 schedules as "Rental Revenue". Rental Revenue per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions, which impact personal income such as local job availability.

NOTE 2 -- 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.

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 September 30, 2009, 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.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(Continued)

NOTE 2 - Deposits, Cash and Cash Equivalents, and Investments: (Continued)

At September 30, 2009, the carrying amount of the Authority's deposits was \$2,844,261 and the bank balance was \$2,844,261. 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 and Family Self Sufficiency funds.

Deposits consist of the following:

Checking/Savings and Money Market	<u>\$ 2,844,261</u>
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NOTE 3 - Accounts Receivable:

Account's receivables at September 30, 2009 consist of the following:

Fraud, net of allowance of \$7,276	\$ 7,285
Other Government	79,566
Accounts Receivable - Miscellaneous	139,790
Tenant Receivables	
Net of Allowance for Doubtful Accounts of \$160	<u>31,757</u>
Total	<u>\$ 258,398</u>

NOTE 4 - Prepaid Expenses:

Prepaid Expenses at September 30, 2009 consist of the following:

Prepaid insurance and other prepaid assets	<u>\$ 166,567</u>
--	-------------------

NOTE 5 - Inventory:

Inventory at September 30, 2009, consist of the following:

Inventory	<u>\$ 99,660</u>
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Materials inventories are recorded at cost. The first-in first-out inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(Continued)

NOTE 6 - Capital Assets:

A summary in changes in capital assets is as follows:

	<u>Balance 9/30/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/09</u>
Capital Assets, not being depreciated				
Land	\$ 601,300	\$ 0	\$ 1,178	\$ 602,478
Total Capital Assets, not being depreciated	<u>601,300</u>	<u>0</u>	<u>1,178</u>	<u>602,478</u>
Capital Assets, being depreciated				
Buildings and Improvements	42,188,647	0	(11,287,292)	30,901,355
Furniture, Equipment and Machinery	<u>1,959,014</u>	<u>0</u>	<u>(1,663,389)</u>	<u>295,625</u>
Total Capital Assets, being depreciated	<u>44,147,661</u>	<u>0</u>	<u>(12,950,681)</u>	<u>31,196,980</u>
INFORMATION NOT AVAILABLE				
Less accumulated Depreciation for Buildings and Improvements	-	(701,948)	-	(19,403,565)
Furniture, Equipment and Machinery	-	(138,478)	-	(865,817)
Less Accumulated Depreciation	<u>(32,083,076)</u>	<u>(840,426)</u>	<u>12,654,120</u>	<u>(20,269,382)</u>
Total Capital Assets, being depreciated net	<u>12,064,585</u>	<u>(840,426)</u>	<u>(296,561)</u>	<u>10,927,598</u>
Capital Assets, Net	<u>\$ 12,665,885</u>	<u>\$ (839,248)</u>	<u>\$ (296,561)</u>	<u>\$ 11,530,076</u>

Depreciation expense for the year was: \$ 840,427

The following is a schedule of significant capital construction projects of the Authority with remaining commitment amounts as of September 30, 2009:

Various Projects NONE

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(Continued)

NOTE 7 - Accounts Payable:

Accounts payable at September 30, 2009 consist of the following:

Vendors' Accounts Payable	\$ <u>78,749</u>
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NOTE 8 - Accrued Liabilities:

Accrued liabilities at September 30, 2009, consists of the following:

Accounts payable PHA projects	\$ 53,580
Accounts payable other government	145,941
Accrued wages	23,076
Accrued compensated absences	60,311
Accrued interest	<u>1,967</u>
 Total	 \$ <u>284,875</u>

NOTE 9 - Deferred Revenue:

Deferred Revenue at September 30, 2009, consist of the following:

Prepaid rent	\$ <u>5,745</u>
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NOTE 10 - Long-Term Debt:

A. Schedule of Changes in Long-Term Debt

The Authority's outstanding long-term debt includes notes payable. The following is a schedule of changes in the Authority's long-term debt for the fiscal year ended September 30, 2009:

	Balance 09/30/08	Additions	Reductions	Balance 09/30/09	Due Within One Year	Long-Term Portion
Total Long-Term Debt	\$ <u>850,525</u>	\$ <u>99,942</u>	\$ <u>0</u>	\$ <u>950,467</u>	\$ <u>187,654</u>	\$ <u>762,813</u>

B. Bonds and Notes Payable

The following is a summary of outstanding notes payable.

	<u>Amount Issued</u>	<u>Amount Outstanding as of 9/30/2009</u>	<u>Interest Rates</u>
<u>Notes Payable</u>			
2001 N 19 #1-5423	600,000	\$ 457,770	4.36%
2001 N 19 #2-5986	400,000	326,988	4.88%
GE Government Finance Inc.	2,274,797	<u>155,709</u>	
 Total Notes Payable		 \$ <u>940,467</u>	

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009
(Continued)

NOTE 10 - Long-Term Debt: (Continued)

C. Debt Service Requirements

The following are the debt service requirements to maturity on the Authority's revenue bonds and notes payable.

<u>Fiscal Year</u>	<u>Notes Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 187,654	\$ 40,116	\$ 227,770
2011	33,431	33,774	67,205
2012	34,896	32,299	67,195
2013	36,611	30,584	67,195
2014	38,315	28,880	67,195
2015-2019	2,462,451	195,825	2,658,275
2020-2024	33,431	974,240	1,007,672
2025-2027	<u>34,896</u>	<u>32,299</u>	<u>67,195</u>
Total	<u>\$ 940,466</u>	<u>\$ 347,223</u>	<u>\$ 1,287,690</u>

Interest expense on Notes Payable for the year ended September 30, 2009 amounted to \$69,601.

NOTE 11 - Federal Operating Grants:

HUD and the State of Indiana contributed the following operating subsidies approved in the operating budgets under the Annual Contributions Contracts:

Section 8 Vouchers	\$ 4,073,105
Low Rent Public Housing	2,744,441
Resident Opportunity & Supportive Services	61,702
HIV Grant	<u>109,808</u>
TOTAL	<u>\$ 6,989,056</u>

NOTE 12 - Prior Period Adjustment:

The Authority revalued its capital assets based upon the insurance appraisal. The adjustment was necessary in order to record the capital assets in accordance with the appraisal. The amount of the adjustment is \$365,913.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

(Continued)

NOTE 13 - Contingencies:

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

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the authority in the current and prior years. There were no examinations during the year ended September 30, 2009.

There are certain major construction projects in progress at September 30, 2009. These include modernizing rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred. At September 30, 2009, the Authority had not spent a total of \$0 for the Capital Fund Program grants.

NOTE 14 - Conduit Type Debt:

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

NOTE 15 - Economic Dependency:

The Authority receives approximately 78% of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

SUPPLEMENTAL FINANCIAL INFORMATION

TERRE HAUTE HOUSING AUTHORITY
TERRE HAUTE, INDIANA

COMBINING SCHEDULE OF PROGRAM NET ASSETS
SEPTEMBER 30, 2009

	Annual Contributions Contracts		
	A-3168	A-3168	A-3168V
	Low Income Public Housing	Capital Fund Program	Housing Choice Vouchers
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 1,441,121	\$ 0	\$ 919,220
Restricted cash & cash equivalents	165,066	0	0
Accounts receivable, net	31,757	0	27,405
Prepaid items	142,603	0	1,961
Inventory	38,632	0	0
Total Current Assets	1,819,179	0	948,586
<u>Capital Assets</u>			
Land and other nondepreciable assets	589,453	0	0
Depreciable capital assets, net	9,890,337	0	0
Total Capital Assets	10,479,790	0	0
Total Assets	12,298,969	0	948,586
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	\$ 28,059	\$ 0	\$ 1,381
Accrued liabilities	166,886	0	5,363
Notes payable - current	155,709	0	0
Deferred revenue	5,745	0	0
Payable from restricted cash and cash equivalents:			
Tenants security deposits	165,066		0
Total Current Liabilities	521,465	0	6,744
<u>Noncurrent Liabilities</u>			
Accrued compensated absences	17,430	0	0
Family self sufficiency escrow	99,271	0	136,995
Notes payable	0	0	0
Total Noncurrent Liabilities	116,701	0	136,995
Total Liabilities	638,166	0	143,739
<u>NET ASSETS</u>			
Invested in capital assets, net of debt	10,324,081	0	0
Restricted	0	0	639,633
Unrestricted	1,336,722	0	165,214
Total Net Assets	\$ 11,660,803	\$ 0	\$ 804,847

Central Office Cost Center	Business Activities	Total
\$ 318,854	\$ 0	\$ 2,679,195
0	0	165,066
176,348	22,878	258,388
22,003	0	166,567
61,028	0	99,660
578,233	22,878	3,368,876
13,025	0	602,478
1,037,261	0	10,927,598
1,050,286	0	11,530,076
1,628,519	22,878	14,898,952
\$ 35,190	\$ 4,535	\$ 69,165
100,129	12,487	284,865
31,945	0	187,654
0	0	5,745
0	0	165,066
167,264	17,022	712,495
15,868	0	33,298
0	0	236,266
752,813	0	752,813
768,681	0	1,022,377
935,945	17,022	1,734,872
265,528	0	10,589,609
0	0	639,633
427,046	5,856	1,934,838
\$ 692,574	\$ 5,856	\$ 13,164,080

TERRE HAUTE HOUSING AUTHORITY
TERRE HAUTE, INDIANA

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Annual Contributions Contract		
	A-3168	A-3168	A-3168
	Low Income	Capital	Resident
	Public	Fund	Opportunities
	Housing	Program	Program
<u>OPERATING REVENUES</u>			
Rental income	\$ 1,479,895	\$ 0	\$ 0
Other income	269,921	0	0
TOTAL OPERATING REVENUE	1,749,816	0	0
<u>OPERATING EXPENSES</u>			
Administrative	1,023,961	0	61,702
Tenant services	90,012	0	0
Utilities	786,509	0	0
Ordinary maintenance and operation	1,290,255	0	0
Protective services	42,163	0	0
General expense	258,536	0	0
Housing assistance payments	0	0	0
Depreciation expense	795,231	0	0
TOTAL OPERATING EXPENSES	4,286,667	0	61,702
	0		
OPERATING INCOME (LOSS)	(2,536,851)	0	(61,702)
<u>NONOPERATING REVENUES / (EXPENSES)</u>			
Federal operating grants	2,744,441	0	61,702
Interest income	4,328	0	0
Interest expense	(23,744)	0	0
TOTAL NONOPERATING REVENUES	2,725,025	0	61,702
CHANGE IN NET ASSETS	188,174	0	0
TOTAL NET ASSETS - BEGINNING OF YEAR as originally stated	11,593,545	0	0
Equity transfers and prior period adjustments	(120,916)	0	0
TOTAL NET ASSETS - BEGINNING OF YEAR as restated	11,472,629	0	0
TOTAL NET ASSETS - END OF YEAR	\$ 11,660,803	\$ 0	\$ 0

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<u>A-3168V</u>				
<u>Housing</u>	<u>Central</u>	<u>Business</u>	<u>Elimination</u>	<u>Total</u>
<u>Choice</u>	<u>Office</u>	<u>Activities</u>		
<u>Vouchers</u>	<u>Cost Center</u>			
\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,479,895
52,916	991,443	4,000	(879,981)	438,299
<u>52,916</u>	<u>991,443</u>	<u>4,000</u>	<u>(879,981)</u>	<u>1,918,194</u>
369,501	713,739	8,808	(879,981)	1,297,730
0	448	54,455	0	144,915
0	31,368	0	0	817,877
102,253	277,634	933	0	1,671,075
0	0	0	0	42,163
18,007	81,253	0	0	357,796
3,142,649	0	42,663	0	3,185,312
0	45,196	0	0	840,427
<u>3,632,410</u>	<u>1,149,638</u>	<u>106,859</u>	<u>(879,981)</u>	<u>8,357,295</u>
<u>(3,579,494)</u>	<u>(158,195)</u>	<u>(102,859)</u>	<u>0</u>	<u>(6,439,101)</u>
4,073,105	5,769	104,039	0	6,989,056
1,927	1,961	0	0	8,216
0	0	0	0	(23,744)
<u>4,075,032</u>	<u>7,730</u>	<u>104,039</u>	<u>0</u>	<u>6,973,528</u>
<u>495,538</u>	<u>(150,465)</u>	<u>1,180</u>	<u>0</u>	<u>534,427</u>
309,309	1,088,036	4,676	0	12,995,566
0	(244,997)	0	0	(365,913)
309,309	843,039	4,676	0	12,629,653
<u>\$ 804,847</u>	<u>\$ 692,574</u>	<u>\$ 5,856</u>	<u>\$ 0</u>	<u>\$ 13,164,080</u>

Housing Authority of the City of Terre Haute (IN021)
TERRE HAUTE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2009

	Project Total	14,871 Housing Choice Vouchers	14,870 Resident Opportunity and Supportive Services	2 State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,341,850	\$142,592			\$318,854	\$1,803,296		\$1,803,296
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$99,271	\$776,628				\$875,899		\$875,899
114 Cash - Tenant Security Deposits	\$165,066					\$165,066		\$165,066
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$1,606,187	\$919,220	\$0	\$0	\$318,854	\$2,844,261	\$0	\$2,844,261
121 Accounts Receivable - PHA Projects					\$139,790	\$139,790		\$139,790
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government		\$20,130		\$22,878	\$36,558	\$79,566		\$79,566
125 Accounts Receivable - Miscellaneous								
126 Accounts Receivable - Tenants	\$31,917					\$31,917		\$31,917
125.1 Allowance for Doubtful Accounts - Tenants	-\$180					-\$180		-\$180
126.2 Allowance for Doubtful Accounts - Other		\$0		\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery		\$14,551				\$14,551		\$14,551
128.1 Allowance for Doubtful Accounts - Fraud		\$7,276				-\$7,276		-\$7,276
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$31,757	\$27,405	\$0	\$22,878	\$176,348	\$258,388	\$0	\$258,388
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$142,603	\$1,961			\$22,003	\$166,567		\$166,567
143 Inventories	\$38,632				\$61,028	\$99,660		\$99,660
143.1 Allowance for Obsolete Inventories	\$0				\$0	\$0		\$0
144 Inter Program Due From								
145 Assets Held for Sale								
150 Total Current Assets	\$1,819,179	\$948,586	\$0	\$22,878	\$578,233	\$3,368,876	\$0	\$3,368,876
161 Land	\$589,453				\$13,025	\$602,478		\$602,478
162 Buildings	\$28,757,580				\$1,220,977	\$29,978,557		\$29,978,557
163 Furniture, Equipment & Machinery - Dwellings	\$57,223				\$27,740	\$84,963		\$84,963
164 Furniture, Equipment & Machinery - Administration	\$122,538				\$88,124	\$210,662		\$210,662
165 Leasehold Improvements	\$922,798					\$922,798		\$922,798

[illegible]

508.1 Invested In Capital Assets, Net of Related Debt	\$10,324,081	\$0	\$0	\$0	\$265,528	\$10,589,609	\$10,589,609
508.2 Fund Balance Reserved							
511.2 Unreserved, Designated Fund Balance							
511.1 Restricted Net Assets		\$639,633				\$639,633	\$639,633
512.1 Unrestricted Net Assets	\$1,336,722	\$165,214	\$0	\$5,856	\$427,046	\$1,934,838	\$1,934,838
512.2 Unreserved, Undesignated Fund Balance							
513 Total Equity/Net Assets	\$11,660,803	\$804,847	\$0	\$5,856	\$692,574	\$13,164,080	\$13,164,080
600 Total Liabilities and Equity/Net Assets	\$12,238,969	\$948,686	\$0	\$22,678	\$1,628,519	\$14,898,952	\$14,898,952

Housing Authority of the City of Terre Haute (IN021)
TERRE HAUTE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2009

	Project Total	14,671 Housing Choice Vouchers	14,670 Resident Opportunity and Supportive Services	2 State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,313,816					\$1,313,816		\$1,313,816
70400 Tenant Revenue - Other	\$166,079					\$166,079		\$166,079
70500 Total Tenant Revenue	\$1,479,895	\$0	\$0	\$0	\$0	\$1,479,895	\$0	\$1,479,895
70600 HUD PHA Operating Grants	\$2,744,441	\$4,073,105	\$61,702			\$6,879,248		\$6,879,248
70610 Capital Grants								
70710 Management Fee					\$732,628	\$732,628	-\$632,651	\$99,977
70720 Asset Management Fee					\$100,850	\$100,850	-\$100,850	\$0
70730 Book Keeping Fee					\$146,460	\$146,460	-\$146,460	\$0
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue					\$978,958	\$978,958	-\$879,981	\$99,977
70800 Other Government Grants	\$4,328	\$542		\$104,039	\$5,769	\$109,808		\$109,808
71100 Investment Income - Unrestricted					\$1,961	\$6,831		\$6,831
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		\$17,741				\$17,741		\$17,741
71500 Other Revenue	\$269,921	\$35,175		\$4,000	\$11,485	\$320,581		\$320,581
71600 Gain or Loss on Sale of Capital Assets	\$0				\$0	\$0		\$0
72000 Investment Income - Restricted		\$1,385				\$1,385		\$1,385
70000 Total Revenue	\$4,498,585	\$4,127,948	\$61,702	\$108,039	\$999,173	\$9,795,447	-\$879,981	\$8,915,466
91100 Administrative Salaries	\$189,667	\$112,568	\$41,000		\$323,289	\$666,534		\$666,534
91200 Auditing Fees	\$11,379	\$3,847			\$601	\$16,027		\$16,027
91300 Management Fee	\$517,271	\$115,360				\$632,651	-\$632,651	\$0
91310 Book-keeping Fee	\$74,967	\$72,113			\$3,206	\$146,480	-\$146,480	\$0
91400 Advertising and Marketing		\$51				\$3,257		\$3,257
91500 Employee Benefit Contributions - Administrative	\$54,045	\$32,191	\$20,702		\$140,467	\$247,435		\$247,435
91600 Office Expenses	\$58,665	\$24,722		\$7,643	\$163,000	\$254,230		\$254,230
91700 Legal Expense	\$5,441	\$4,837			\$132	\$10,410		\$10,410
91800 Travel	\$1,036	\$131			\$5,569	\$7,736		\$7,736
91810 Allocated Overhead								
91900 Other	\$11,040	\$3,661		\$1,165	\$76,235	\$92,101		\$92,101

91000 Total Operating - Administrative	\$923,111	\$369,501	\$61,702	\$6,808	\$713,739	\$2,076,861	-\$779,131	\$1,297,730
92000 Asset Management Fee								
92100 Tenant Services - Salaries	\$100,650					\$100,650	-\$100,650	\$0
92200 Relocation Costs				\$32,730	\$396	\$33,126		\$33,126
92300 Employee Benefit Contributions - Tenant Services				\$12,270	\$52	\$12,322		\$12,322
92400 Tenant Services - Other	\$90,012			\$9,455		\$99,467		\$99,467
92500 Total Tenant Services	\$90,012	\$0	\$0	\$54,455	\$448	\$144,915	\$0	\$144,915
93100 Water	\$121,390				\$3,007	\$124,397		\$124,397
93200 Electricity	\$255,292				\$16,189	\$271,481		\$271,481
93300 Gas	\$289,812				\$10,207	\$300,019		\$300,019
93400 Fuel								
93500 Labor								
93600 Sewer	\$120,015				\$1,985	\$122,000		\$122,000
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	\$786,509	\$0	\$0	\$0	\$31,368	\$817,877	\$0	\$817,877
94100 Ordinary Maintenance and Operations - Labor	\$430,881	\$67,344			\$172,088	\$670,323		\$670,323
94200 Ordinary Maintenance and Operations - Materials and Other	\$307,692	\$2,667			\$3,062	\$313,421		\$313,421
94300 Ordinary Maintenance and Operations Contracts	\$161,495	\$9,154		\$933	\$26,337	\$197,919		\$197,919
94500 Employee Benefit Contributions - Ordinary Maintenance	\$171,902	\$23,088			\$16,137	\$271,127		\$271,127
94000 Total Maintenance	\$1,071,970	\$102,253	\$0	\$933	\$277,634	\$1,452,790	\$0	\$1,452,790
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs	\$42,163					\$42,163		\$42,163
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$42,163	\$0	\$0	\$0	\$0	\$42,163	\$0	\$42,163
96110 Property Insurance	\$91,108				\$1,712	\$92,820		\$92,820
96120 Liability Insurance	\$32,937					\$32,937		\$32,937
96130 Workmen's Compensation	\$8,146	\$2,262			\$3,673	\$13,981		\$13,981
96140 All Other Insurance	\$13,046	\$1,201			\$14,085	\$28,312		\$28,312
96100 Total Insurance Premiums	\$145,237	\$3,463	\$0	\$0	\$19,350	\$168,050	\$0	\$168,050
96200 Other General Expenses								
96210 Compensated Absences	\$36,955	\$7,268			\$2,001	\$2,001		\$2,001
96300 Payments in Lieu of Taxes	\$99,006				\$23,643	\$68,666		\$68,666
96400 Bad debt - Tenant Rents	\$5,338					\$5,338		\$5,338
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								

96000	Total Other General Expenses	\$113,299	\$7,268	\$0	\$0	\$25,644	\$146,211	\$0	\$146,211
96710	Interest of Mortgage (or Bonds) Payable	\$23,744				\$36,260	\$60,004		\$60,004
96720	Interest on Notes Payable (Short and Long Term)								
96730	Amortization of Bond Issue Costs	\$23,744	\$0	\$0	\$0	\$36,260	\$60,004	\$0	\$60,004
96700	Total Interest Expense and Amortization Cost								
96900	Total Operating Expenses	\$3,296,895	\$482,485	\$61,702	\$64,196	\$1,104,443	\$5,009,721	-\$879,981	\$4,128,740
97000	Excess of Operating Revenue over Operating Expenses	\$1,201,690	\$3,645,463	\$0	\$43,843	-\$106,270	\$4,785,726	\$0	\$4,785,726
97100	Extraordinary Maintenance								
97200	Casualty Losses - Non-capitalized	\$218,285					\$218,285		\$218,285
97300	Housing Assistance Payments		\$3,142,649		\$42,663		\$3,185,312		\$3,185,312
97350	HAP Portability-In								
97400	Depreciation Expense	\$795,231				\$45,195	\$840,426		\$840,426
97500	Fraud Losses		\$7,276				\$7,276		\$7,276
97600	Capital Outlays - Governmental Funds								
97700	Debt Principal Payment - Governmental Funds								
97800	Dwelling Units Rent Expense	\$4,510,411	\$3,632,410	\$61,702	\$108,659	\$1,149,638	\$9,261,020	-\$879,981	\$8,381,039
90000	Total Expenses								
10010	Operating Transfer In								
10020	Operating Transfer Out								
10030	Operating Transfers from/to Primary Government								
10040	Operating Transfers from/to Component Unit								
10050	Proceeds from Notes, Loans and Bonds								
10060	Proceeds from Property Sales								
10070	Extraordinary Items, Net Gain/Loss								
10080	Special Items (Net Gain/Loss)	\$150,000					\$150,000	-\$150,000	\$0
10091	Inter Project Excess Cash Transfer In						-\$150,000	\$150,000	\$0
10092	Inter Project Excess Cash Transfer Out	-\$150,000							
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	\$0	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$188,174	\$485,538	\$0	\$1,180	-\$150,465	\$534,427	\$0	\$534,427
11020	Required Annual Debt Principal Payments	\$306,990	\$0	\$0	\$0	\$30,839	\$337,829		\$337,829
11030	Beginning Equity	\$11,593,545	\$309,309	\$0	\$4,676	\$1,088,036	\$12,995,566		\$12,995,566
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$120,916	\$0	\$0	\$0	-\$244,997	-\$365,913		-\$365,913
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		\$165,214					\$165,214	\$165,214
11180	Housing Assistance Payments Equity		\$639,633					\$639,633	\$639,633
11190	Unit Months Available		10,992		0			211,20	211,20
11210	Number of Unit Months Leased		9504		0			19460	19460
11270	Excess Cash		\$742,470					\$742,470	\$742,470
11610	Land Purchases		\$0				\$0	\$0	\$0
11620	Building Purchases		\$14,962				\$0	\$14,962	\$14,962
11630	Furniture & Equipment - Dwelling Purchases		\$0				\$0	\$0	\$0
11640	Furniture & Equipment - Administrative Purchases		\$0				\$55,569	\$55,569	\$55,569
11650	Leasehold Improvements Purchases		\$0				\$0	\$0	\$0
11680	Infrastructure Purchases		\$0				\$0	\$0	\$0
13510	CFPP Debt Service Payments		\$0				\$0	\$0	\$0
13901	Replacement Housing Factor Funds		\$0				\$0	\$0	\$0

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

<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>			
IN021	Low Rent Public Housing	14.850	\$ 2,744,441	\$ 2,744,441
IN021	Resident Opportunity and Supportive Services	14.870	61,702	61,702
IN021	Housing Choice Vouchers	14.871	<u>4,073,105</u>	<u>4,073,105</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 6,879,248</u>	<u>\$ 6,879,248</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 - The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting as described in Note A.

OTHER REPORTS

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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

Board of Commissioners
Housing Authority of the City of Terre Haute
P O Box 3086
Terre Haute, Indiana 47803-0086

I have audited the financial statements of the Housing Authority of the City of Terre Haute, as of and for the year ended September 30, 2009 and have issued my report thereon dated June 4, 2010, which included a disclaimer of opinion on Management's Discussion and Analysis. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned costs to be significant deficiencies in internal control over financial reporting. The finding reference number is 2009-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the City of Terre Haute's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item 2009-01.

I noted certain matters that I reported to the management of the Housing Authority of the City of Terre Haute in a separate letter dated June 4, 2010.

Housing Authority of the City of Terre Haute's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Housing Authority of the City of Terre Haute's response and accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Sicek". The signature is stylized with a large, looping initial "J".

Certified Public Accountant

Fredericksburg, Indiana
June 4, 2010

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Terre Haute
P O Box 3086
Terre Haute, Indiana 47803-0086

Compliance

I have audited the compliance of the Housing Authority of the City of Terre Haute with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The Housing Authority of the City of Terre Haute's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of Terre Haute's management. My responsibility is to express an opinion on the Housing Authority of the City of Terre Haute's compliance based on my audit.

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

In my opinion, the Housing Authority of the City of Terre Haute complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as items 2009-02 and 2009-03.

Internal Control Over Compliance

The management of the Housing Authority of the City of Terre Haute is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Housing Authority of the City of Terre Haute's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance 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 Authority's internal control over compliance.

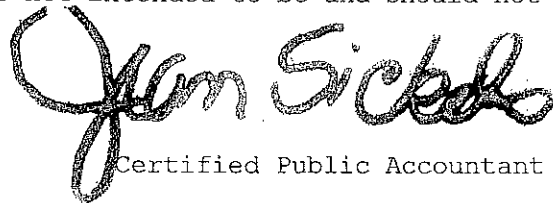
My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Authority's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain significant deficiencies in internal control over compliance that I consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2009-02 and 2009-03 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirements of a federal program will not be prevented or detected by the entity's internal control. However, I do not consider the significant deficiencies described above as items 2009-02 and 2009-03 to be material weaknesses.

The Housing Authority of the City of Terre Haute's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the Housing Authority of the City of Terre Haute's responses and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountant

Fredericksburg, Indiana
June 4, 2010

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

SEPTEMBER 30, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

~ Material weakness(es) identified? yes X no

~ Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major programs:

~ Material weakness(es) identified? yes X no

~ Significant deficiencies identified that are not considered to be material weakness(es)? X yes none reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Low Rent Public Housing
14.871	Section 8 Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2009-01 is a Financial Statement Finding.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings 2009-02 and 2009-03 are Federal Award Findings.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

SEPTEMBER 30, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR YEAR FINDINGS

2008-01

PRIOR
CONDITION:

RENTAL DEPOSITS

In a sample of 40 deposits, the following was found:

1. Rental receipts numbers are not sequential
2. One receipt was not in the deposit batch and not found
3. 11 of the postings to the General Ledger were not accurate
4. The TAR report did not agree with the General Ledger

CURRENT
CONDITION:

In a sample of 40 cash deposits, all deposits were found to be properly posted. The deposits were traceable to the resident's accounts. The Authority has procedures in place in conjunction with the fee accountant to reconcile the TAR and General Ledger.

THIS FINDING IS CLEARED
See the Management Letter

2008-02

PRIOR
CONDITION:

CASH DISBURSEMENTS

The charge card statements lack appropriate supporting documentation. Expenditures have been made for unallowable costs. This situation was corrected around December 2008.

CURRENT
CONDITION:

On the current sample of Cash Disbursements there were no exceptions noted. The charge cards were documented with receipts.

THIS FINDING IS CLEARED

2008-03

PRIOR
CONDITION:

INVENTORY

In a sample count of 50 items there were 36 discrepancies. Additionally, it was noted that the inventory software allows for negative quantities and values.

CURRENT
CONDITION:

In a sample count of 25 items there were no exceptions. The Authority has significantly reduced its inventory by about 75%.

THIS FINDING IS CLEARED

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

SEPTEMBER 30, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR YEAR FINDINGS (Continued)

2008-04	PRIOR CONDITION:	<u>JOURNAL VOUCHERS</u> The journal vouchers did not have supporting documentation behind them. There was no evidence of supervisory review or approval. CURRENT CONDITION: In the current sample of Journal vouchers it was noted that there are internal control procedures in place. <u>THIS FINDING IS CLEARED</u>
2008-05	PRIOR CONDITION:	<u>BANK RECONCILIATIONS</u> The Authority has made great strides by separating the non profit corporations and tax credit projects, however, the voucher program still needs to be separated from the low rent program. CURRENT CONDITION: Continued as finding 2009-01
2008-06	PRIOR CONDITION:	<u>PAYROLL</u> The payroll reconciliation for the audit does not match. No other documentation has been provided. The 941's do not agree to the salaries expense. The Authority does not have a cost allocation plan. A schedule of all positions and salaries was not approved by the board. CURRENT CONDITION: The payroll was reconciled by program and allocations were noted. <u>THIS FINDING IS CLEARED</u>
2008-07	PRIOR CONDITION:	<u>SAS 112</u> The Authority is required to have internal controls over their financial statements. The following account balances lacked adequate support: 1. Capital Fund expenses 2. Capital assets and depreciation 3. Compensated absences 4. HAP receipts 5. Prepaid insurance 6. Payments in lieu of taxes CURRENT CONDITION: Supporting documentation was obtained for relevant account balances. <u>THIS FINDING IS CLEARED</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

SEPTEMBER 30, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

CURRENT YEAR FINDINGS

2009-01 CURRENT
CONDITION: BANK ACCOUNTS & RECONCILIATIONS

The Authority is doing one authority wide reconciliation that includes several different bank accounts.

CFDA #: 14.850, 14.871

CRITERIA: HUD rules and regulations require bank reconciliations for each bank account. Clear allocations of funds available by CFDA number are required.

CAUSE/EFFECT: The Authority has traditionally prepared one entity wide bank reconciliation. This results in information that is not clear.

RECOMMENDATION: The Authority should have enough bank accounts that are appropriately reconciled in order to show accurate balances by program.

REPLY: Effective October 2009 the Authority has opened additional bank accounts to segregate funds properly by program. These accounts along with all existing deposit accounts will be properly reconciled each month to show the accurate balance by program, beginning with the October 2009 bank reconciliation.

DISCUSSED
WITH: Jeff Stewart, Executive Director 2/26/10

2009-02 CURRENT
CONDITION: RESIDENT FILES

In a sample of 25 resident files the following conditions were noted:

1-Missing Social Security Card
3-Missing or not signed 214 immigration status forms
2-9886's missing
2-Inspections not done
1-No lead base paint

CFDA #: 14.850

CRITERIA: HUD rules and regulations require specific information in the resident files.

CAUSE/EFFECT: The Authority does not have a standardized system in place. The Internal Controls in place are not consistent. This results in missing documentation.

RECOMMENDATION: The Authority should consider the following:

1. using a checklist
2. more supervisory reviews
3. standardizing the file structure

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

SEPTEMBER 30, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

CURRENT YEAR FINDINGS (Continued)

2009-02 RESIDENT FILES (Continued)

REPLY: The Authority will develop a standardized checklist and file structure. The Authority will implement additional supervisory reviews and quality control testing to ensure proper documentation is present in each resident file. Staff will receive additional training as needed on proper documentation and file structure for resident files. It is anticipated that the checklist, reviews, training, and standardized file structure will be in place by July 31, 2010.

DISCUSSED
WITH:

Jeff Stewart, Executive Director 2/26/10

2009-03

CURRENT
CONDITION:

PROCUREMENT

The Authority did not have procedures in place during the audit period. In the item sampled the following were noted:

1. Missing bid bonds
2. Missing performance and payment bond
3. Missing bid tabulation
4. Missing notice to proceed
5. Missing contractor suspended or debarred documentation

CRDA #: 14.850

CRITERIA: HUD rules and regulations require specific documentation to be present in the procurement files.

CAUSE/EFFECT: The Authority was in the process of developing procurement procedures. This left information undocumented.

RECOMMENDATION: The Authority should develop a standardized procurement file with a checklist of required documents.

REPLY: The Authority adopted a new Procurement Policy in February 2009. A checklist of required documents will be developed to ensure that all required documentation is collected for each procurement. We will continue to provide staff with appropriate procurement training on a regular basis. The checklist will be developed and be in use by June 30, 2010.

DISCUSSED
WITH:

Jeff Stewart, Executive Director 2/26/10

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana

SEPTEMBER 30, 2009

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

<u>Number</u>	<u>Finding</u>	<u>Status</u>
2008-01	Rental Deposits	Cleared
2008-02	Cash Disbursements	Cleared
2008-03	Inventory	Cleared
2008-04	Journal Vouchers	Cleared
2008-05	Bank Reconciliations	Continued as 2009-01
2008-06	Payroll	Cleared
2008-07	SAS 112	Cleared

Jean Sickels

Certified Public Accountant

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June 4, 2010

Management and
Board of Commissioners of the
Housing Authority of the City of Terre Haute
Terre Haute, Indiana

In the conduct of my work over the financial statements of the Housing Authority of the City of Terre Haute as of and for the year ended September 30, 2009, I was engaged to consider the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my work, I became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect my report dated June 4, 2010 on the financial statements of the Authority.

I will review the status of the comment during my next audit engagement. I have already discussed the comment and suggestion with Authority personnel, and will be pleased to discuss the comment in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation. My comments are summarized as follows:

CONDITION: CASH RECEIPTS DEPOSIT LAGS

During the audit of cash receipts it was noted that there are deposit lags.

RECOMMENDATION:

The Authority should review the cash receipt system and determine if there are ways to make the system more timely.

CONDITION: GENERAL DEPOSITORY AGREEMENTS:

The Authority did not have an executed general depository agreements in effect during the year of audit.

RECOMMENDATION:

The Authority should execute the HUD forms 51999 for every bank where federal funds are on deposit.

CONDITION: SUBSEQUENT EVENTS:

The Authority is several months behind on their monthly financial statements.

RECOMMENDATION:

The Authority should ensure that sufficient internal control procedures are in place to ensure accurate monthly information.

I wish to thank the Executive Director and the staff of the Authority for their support and assistance during my audit.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jean Sickels". The signature is stylized with a large, looping initial "J" and a cursive "Sickels".

Jean Sickels
Certified Public Accountant