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

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

August 30, 2016

Board of Commissioners  
Housing Authority of the City of Terre Haute  
2001 North 19<sup>th</sup> Street  
Terre Haute, IN 47804

We have reviewed the audit report prepared by Hawkins Ash CPAs, Independent Public Accountants, for the period October 1, 2013 to September 30, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of Housing Authority of the City of Terre Haute, as of September 30, 2014 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS'  
REPORT**

**SEPTEMBER 30, 2014**

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

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Housing Authority of the City of Terre Haute  
Terre Haute, Indiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the City of Terre Haute ("Housing Authority"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in table of contents. We did not audit the financial statements of the discretely presented component units, whose statements reflect total assets of \$2,598,739 as of December 31, 2013, and total revenue of \$437,742 for the year then ended. These financial statements were audited by other auditors, whose reports dated August 15, 2014, express an unmodified opinion, and our opinion, in so far as it relates to the amounts included for the component units of the Housing Authority of the City of Terre Haute, is based on the report of the other auditors.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority as of September 30, 2014, and the changes in financial position and cash flows 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 5 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The combining financial statements and statements and certifications of actual modernization costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Department of Housing and Urban Development, and is also not a required part of the basic financial statements.

The combining financial statements, statements and certifications of actual modernization costs, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, statements and certifications of actual modernization costs, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 5, 2015, on our consideration of the Housing Authority's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
February 5, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**SEPTEMBER 30, 2014**

The management of the Terre Haute Housing Authority (the "Housing Authority") offers this narrative overview and analysis of its audited financial statements for the fiscal year ended September 30, 2014. The goal is for the reader to better understand the Housing 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 Housing Authority's financial statements.

Financial reporting is based on the accounting principles for government enterprise funds, which are similar to the accounting principles as established by the Governmental Accounting Standards Board (GASB). Since these are business-type activities the standards of the Financial Accounting Standards Board (FASB) must also be followed except where there is conflict with GASB.

**ECONOMIC FACTORS**

Significant economic factors affecting the Housing Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Inflationary pressure on utility rates, and other costs
- Local inflationary, recessionary and employment trends, which can affect resident Income, and therefore, the amount of rental income

**HIGHLIGHTS:**

- The individual members of the Board of Commissioners became the Board of the Terre Haute Housing Authority Development Corporation, as well as the two related tax credit entities Highland Affordable Housing I and II (HI I and HI II)
- Morton Lewis McMillan remodeling project was completed in fiscal year 2014.
- The Construction of new Dreiser Fence was completed in fiscal 2014.
- The assets of the Housing Authority exceed its liabilities as of September 30, 2014 by \$26,597,999 (Net Position).



**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued**  
**SEPTEMBER 30, 2014**

**HIGHLIGHTS - Continued:**

- The Housing Authority's net investment in capital assets as of September 30, 2014 was \$20,616,526.
- The Housing Authority's total revenue and contributions for the fiscal year end September 30, 2014 was \$12,101,779.
- The Housing Authority's total operating expenses for the fiscal year end September 30, 2014 were \$11,300,270.

**OVERVIEW OF THE FINANCIAL STATEMENTS:**

The following financial statements are included in this report:

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

**ANALYSIS OF FINANCIAL STATEMENTS:**

**Statement of Net Position**

	SEPTEMBER 30		Change
	2014	2013	
Current assets	\$ 6,591,178	\$ 5,535,346	\$ 1,055,832
Noncurrent assets	<u>22,862,577</u>	<u>20,488,857</u>	<u>2,373,720</u>
<b>Total Assets</b>	<b><u>\$ 29,453,755</u></b>	<b><u>\$ 26,024,203</u></b>	<b><u>\$ 3,429,552</u></b>
Current liabilities	\$ 672,308	\$ 876,663	\$ (204,355)
Non-current liabilities	<u>2,183,448</u>	<u>872,678</u>	<u>1,310,770</u>
<b>Total Liabilities</b>	<b><u>\$ 2,855,756</u></b>	<b><u>\$ 1,749,341</u></b>	<b><u>\$ 1,106,415</u></b>
<b>Net Position</b>			
Net investment in capital assets	\$ 20,616,526	\$ 19,510,539	\$ 1,105,987
Restricted	139,047	71,729	67,318
Unrestricted	<u>5,842,426</u>	<u>4,692,594</u>	<u>1,149,832</u>
<b>Total Net Position</b>	<b><u>\$ 26,597,999</u></b>	<b><u>\$ 24,274,862</u></b>	<b><u>\$ 2,323,137</u></b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued  
SEPTEMBER 30, 2014

**OVERVIEW OF THE FINANCIAL STATEMENTS - Continued:**

**ANALYSIS OF FINANCIAL STATEMENTS - Continued:**

Current assets increased by \$1,055,832 or by 19.07 percent. This is a result of several factors:

- The addition of THHADC had a positive impact on several current asset categories.
- There is increase in the prepaid expense category due to increase in the overall insurance premiums.
- There is decrease in inventory and materials account due to reclassification entries made during the audit process.
- The account receivable categories increased due to the loans that THHADC is paying on behalf of HI I and HI II, as well as repayment agreements in the Voucher Programs.

There current liabilities category decreased by 23 percent as a result of the better planning and timing of the payments to vendors.

The increase in the unrestricted asset category can be primarily attributed to the addition of the THHADC capital assets.

The increase in non-current liabilities represents the related mortgage debt of THHADC.

Net position may serve, over time, as a useful indicator of a governmental entity's financial position. As stated in the table above, assets exceeded liabilities by \$26,597,999 at the close of the year ended September 30, 2014.

For the calendar year 2014, the administrative fee reimbursement rate is based on the number of units leased as of the last day of each month, extended by the per unit rate established by HUD, and by the HUD pro-ratio to equate expenditures to the total appropriated funds.

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued**  
**SEPTEMBER 30, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS - Continued:**

**ANALYSIS OF FINANCIAL STATEMENTS - Continued:**

**Statement of Revenue, Expenses, and Changes in Net Position**

	YEAR ENDED SEPTEMBER 30		Change
	<u>2014</u>	<u>2013</u>	
<b><u>Revenue and Contributions</u></b>			
Operating Revenue			
Dwelling rental revenue	\$ 2,158,193	\$ 1,970,301	\$ 187,892
Operating grants	8,230,948	7,533,048	697,900
Other income	889,025	867,690	21,335
<b>Total Operating Revenue</b>	<b><u>\$ 11,278,166</u></b>	<b><u>\$ 10,371,039</u></b>	<b><u>\$ 907,127</u></b>
Operating Expenses			
Administrative expenses	\$ 1,543,695	\$ 1,576,258	\$ (32,563)
Tenant services	281,612	259,342	22,270
Utilities	1,365,009	1,152,533	212,476
Operations and maintenance	2,213,595	2,229,308	(15,713)
Protective services	209,382	226,465	(17,083)
Insurance	397,189	350,532	46,657
General expenses	185,823	342,255	(156,432)
Housing assistance payments	3,806,239	3,824,074	(17,835)
Depreciation	1,208,630	1,122,966	85,664
<b>Total Operating Expense</b>	<b><u>\$ 11,211,174</u></b>	<b><u>\$ 11,083,733</u></b>	<b><u>\$ 127,441</u></b>

- Tenant rental revenue increased by 9.54 percent compared to 2013. This is primarily a result of the Terre Haute Authority Development Corporation included as a blended component unit for 2014.
- The decrease in administrative and maintenance expenses by 1.27 percent can be attributed to the reduced staffing expense.
- The higher utility expenses are due to an overall increase in the utility rates and exceptionally cold weather in January and February 2014.
- The overall increase in the Operating Revenue category is due to higher operating subsidy for 2014, also developer fees received by the Low Income Housing Development for the construction of Warren Village (a tax credit project).

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued**  
**SEPTEMBER 30, 2014**

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY DURING THE YEAR:**

**Capital Assets**

	<u>SEPTEMBER 30</u>		<u>Change</u>
	<u>2014</u>	<u>2013</u>	
Land	\$ 819,950	\$ 744,977	\$ 74,973
Buildings & improvements	47,696,233	42,396,554	5,299,679
Furniture, equipment & machinery	1,001,223	618,757	382,466
Accumulated depreciation	(27,018,672)	(23,908,657)	(3,110,015)
Construction in progress	52,344	487,201	(434,857)
<b>Capital Assets, net</b>	<b><u>\$ 22,551,078</u></b>	<b><u>\$ 20,338,832</u></b>	<b><u>\$ 2,212,246</u></b>

- Capital Assets - The Housing Authority's capital assets, as of September 30, 2014, totals \$22,551,078 (net of accumulated depreciation). Capital assets include land, buildings, improvements, equipment, and construction in progress.
- Increase in Land and Buildings is a result of the addition of THHADC Assets.
- The Housing Authority completed two capital projects in 2014, and had no significant projects in process at year end. This resulted in sizable decrease in Construction in Progress category.

**Long-Term Debt**

At the end of the current fiscal year, the Housing Authority had outstanding debt obligations of \$2,406,764; a reduction of \$184,430 from 2013.

	<u>SEPTEMBER 30</u>	
	<u>2014</u>	<u>2013</u>
Compensated absences	\$ 89,612	\$ 91,528
Notes payable	2,218,034	2,421,370
Tenant FSS escrow	99,118	78,296
<b>Capital Assets, net</b>	<b><u>\$ 2,406,764</u></b>	<b><u>\$ 2,591,194</u></b>

**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT:**

This financial report is designed to provide a general overview of the Housing Authority's finances for all interested parties. 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  
2001 N. 19<sup>th</sup> Street  
Terre Haute, IN 47804

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

**BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**STATEMENT OF NET POSITION**

	PRIMARY GOVERNMENT <u>SEPTEMBER 30,</u> 2014	COMPONENT UNITS <u>DECEMBER 31,</u> 2013	TOTAL (MEMORANDUM ONLY) <u>ONLY)</u>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 4,503,975	\$ -	\$ 4,503,975
Cash and cash equivalents - restricted			
Tenant security deposits	237,142	15,506	252,648
Other restricted	238,165	115,471	353,636
Investments	760,536	-	760,536
Receivables			
Tenants, net of allowance for doubtful accounts	71,610	37,721	109,331
Other, net of allowance for doubtful accounts	284,905	-	284,905
Due from other governments	84,314	13,573	97,887
Inventory	66,471	-	66,471
Prepaid expenses	326,356	15,758	342,114
Note receivable - current portion	17,704	-	17,704
<b>TOTAL CURRENT ASSETS</b>	<u>6,591,178</u>	<u>198,029</u>	<u>6,789,207</u>
<b>NONCURRENT ASSETS</b>			
Note receivable	273,074	-	273,074
Other asset	38,425	9,944	48,369
Land	819,950	172,423	992,373
Buildings and improvements	47,696,233	5,441,586	53,137,819
Equipment	1,001,223	44,485	1,045,708
Construction in progress	52,344	-	52,344
Less accumulated depreciation	<u>(27,018,672)</u>	<u>(3,267,728)</u>	<u>(30,286,400)</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>22,862,577</u>	<u>2,400,710</u>	<u>25,263,287</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 29,453,755</u></b>	 <b><u>\$ 2,598,739</u></b>	 <b><u>\$ 32,052,494</u></b>

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

	PRIMARY GOVERNMENT SEPTEMBER 30, 2014	COMPONENT UNITS DECEMBER 31, 2013	TOTAL (MEMORANDUM ONLY)
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 114,615	\$ 89,408	\$ 204,023
Accrued payroll and payroll liabilities	796	-	796
Accrued expenses	21,615	2,472	24,087
Compensated absences	66,017	-	66,017
Tenants' security deposits	237,142	15,506	252,648
Unearned revenue	14,002	280	14,282
Current portion of notes payable	157,299	77,123	234,422
Due to related party	-	203,248	203,248
Due to other governments	60,822	-	60,822
TOTAL CURRENT LIABILITIES	<u>672,308</u>	<u>388,037</u>	<u>1,060,345</u>
<b>NONCURRENT LIABILITIES</b>			
Compensated absences	23,595	-	23,595
Tenants' FSS escrow	99,118	-	99,118
Notes payable	2,060,735	1,383,400	3,444,135
TOTAL CURRENT LIABILITIES	<u>2,183,448</u>	<u>1,383,400</u>	<u>3,566,848</u>
TOTAL LIABILITIES	<u>2,855,756</u>	<u>1,771,437</u>	<u>4,627,193</u>
<b>NET POSITION</b>			
Net investment in capital assets	20,616,526	930,243	21,546,769
Restricted	139,047	115,471	254,518
Unrestricted	5,842,426	(218,412)	5,624,014
TOTAL NET POSITION	<u>26,597,999</u>	<u>827,302</u>	<u>27,425,301</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 29,453,755</u></b>	<b><u>\$ 2,598,739</u></b>	<b><u>\$ 32,052,494</u></b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**

	PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY)
	YEAR ENDED		
	SEPTEMBER 30, 2014	DECEMBER 31, 2013	
<b>OPERATING REVENUE</b>			
Dwelling rental	\$ 2,158,193	\$ 390,155	\$ 2,548,348
Operating grants	8,230,948	-	8,230,948
Other operating revenue	889,025	47,587	936,612
<b>TOTAL OPERATING REVENUE</b>	<u>11,278,166</u>	<u>437,742</u>	<u>11,715,908</u>
<b>OPERATING EXPENSES</b>			
Administration	1,543,695	92,778	1,636,473
Tenant services	281,612	-	281,612
Utilities	1,365,009	12,078	1,377,087
Maintenance and operations	2,213,595	120,983	2,334,578
General expenses	185,823	-	185,823
Protective services	209,382	-	209,382
Insurance expense	397,189	24,471	421,660
Housing assistance payments	3,806,239	-	3,806,239
Depreciation and amortization	1,208,630	198,825	1,407,455
<b>TOTAL OPERATING EXPENSES</b>	<u>11,211,174</u>	<u>449,135</u>	<u>11,660,309</u>
<b>OPERATING INCOME (LOSS)</b>	<u>66,992</u>	<u>(11,393)</u>	<u>55,599</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Interest income	85,491	-	85,491
Gain on disposition of capital assets	2,480	-	2,480
Interest (expense)	(89,096)	(72,218)	(161,314)
<b>NET NONOPERATING (EXPENSE)</b>	<u>(1,125)</u>	<u>(72,218)</u>	<u>(73,343)</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS</b>	<u>65,867</u>	<u>(83,611)</u>	<u>(17,744)</u>
<b>CAPITAL GRANTS</b>	<u>735,642</u>	<u>-</u>	<u>735,642</u>
<b>CHANGE IN NET POSITION</b>	<u>801,509</u>	<u>(83,611)</u>	<u>717,898</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>24,274,862</u>	<u>-</u>	<u>24,274,862</u>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<u>1,521,628</u>	<u>910,913</u>	<u>2,432,541</u>
<b>NET POSITION AT END OF YEAR</b>	<u><b>\$ 26,597,999</b></u>	<u><b>\$ 827,302</b></u>	<u><b>\$ 27,425,301</b></u>

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



**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**STATEMENT OF CASH FLOWS**

	PRIMARY GOVERNMENT	COMPONENT UNITS	TOTAL (MEMORANDUM ONLY)
	YEAR ENDED		
	SEPTEMBER 30, 2014	DECEMBER 31, 2013	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from tenants/participants	\$ 2,149,805	\$ 361,563	\$ 2,511,368
Cash received from operating grants	8,306,172	-	8,306,172
Other income received	928,266	56,951	985,217
Cash payments to vendors	(4,596,145)	(282,070)	(4,878,215)
Cash payments to employees	(1,943,948)	-	(1,943,948)
Cash payments for housing assistance	(3,806,239)	-	(3,806,239)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,037,911</u>	<u>136,444</u>	<u>1,174,355</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital grants	735,642	-	735,642
Issuance in notes receivable	16,583	-	16,583
Acquisition of capital assets	(1,599,207)	-	(1,599,207)
Proceeds from sale of capital assets	6,595	-	6,595
Principal payments	(203,336)	(74,930)	(278,266)
Interest paid	(89,756)	(72,218)	(161,974)
<b>NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,133,479)</u>	<u>(147,148)</u>	<u>(1,280,627)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	85,491	-	85,491
Purchase of investments	(50,540)	-	(50,540)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>34,951</u>	<u>-</u>	<u>34,951</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(60,617)</u>	<u>(10,704)</u>	<u>(71,321)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>5,039,899</u>	<u>141,681</u>	<u>5,181,580</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 4,979,282</b></u>	<u><b>\$ 130,977</b></u>	<u><b>\$ 5,110,259</b></u>

(Continued on page 14)

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

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**STATEMENT OF CASH FLOWS - Continued**

	PRIMARY GOVERNMENT	COMPONENT UNITS	
	YEAR ENDED		
	SEPTEMBER 30, 2014	DECEMBER 31, 2013	TOTAL (MEMORANDUM ONLY)
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>			
<u>PER STATEMENT OF CASH FLOWS TO THE</u>			
<u>STATEMENT OF NET POSITION</u>			
Cash and cash equivalents	\$ 4,503,975	\$ -	\$ 4,503,975
Cash and cash equivalents - restricted	475,307	130,977	606,284
<b>CASH AND CASH EQUIVALENTS PER</b>			
<b>STATEMENT OF NET POSITION</b>	<b><u>\$ 4,979,282</u></b>	<b><u>\$ 130,977</u></b>	<b><u>\$ 5,110,259</u></b>
 <u>RECONCILIATION OF INCOME (LOSS) FROM</u>			
<u>OPERATIONS TO NET CASH PROVIDED BY</u>			
<u>OPERATING ACTIVITIES</u>			
 CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 66,992	\$ (11,393)	\$ 55,599
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation and amortization	1,208,630	198,825	1,407,455
Prior period adjustments	(22,070)	-	(22,070)
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(49,460)	(28,618)	(78,078)
Due from other governments	154,487	(13,573)	140,914
Inventory	14,407	-	14,407
Prepaid expenses	(42,778)	(771)	(43,549)
Increase (decrease) in liabilities			
Accounts payable	(284,073)	9,498	(274,575)
Accrued liabilities - other	(16,385)	665	(15,720)
Unearned revenue	2,009	115	2,124
Due to other governments	(11,390)	(18,330)	(29,720)
Tenants' FSS escrow	20,822	-	20,822
Tenants' security deposits	(3,280)	26	(3,254)
<b>NET CASH PROVIDED BY OPERATING</b>			
<b>ACTIVITIES</b>	<b><u>\$ 1,037,911</u></b>	<b><u>\$ 136,444</u></b>	<b><u>\$ 1,174,355</u></b>

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

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies**

**Reporting Entity** - The Housing Authority of the City of Terre Haute ("Terre Haute Housing Authority") or (the "Housing Authority") is a governmental, public corporation created under federal and state housing laws for the purpose of engaging in the development, acquisition, and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in Terre Haute, Indiana. The Housing Authority is responsible for operating certain low-rent housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Housing Authority is governed by a board of seven members who serve four year terms. The governing board is essentially autonomous but responsible to the United States Department of Housing and Urban Development ("HUD"). An executive director is appointed by the Housing Authority's board to manage the day-to-day operations of the Housing Authority.

The basis criterion for including a legally separate organization as a component unit is the degree of financial accountability the Housing Authority has with the Organization. The following circumstances set forth the Housing Authority's financial accountability for a legally separate organization:

- a. The Housing Authority is financially accountable if it appoints a voting majority of the Organization's governing body and (1) it is able to impose its will on the Organization or (2) there is a potential for the Organization to provide specific financial benefits to, or impose specific financial burdens on the Housing Authority.
- b. The Housing Authority may be financially accountable if an organization is fiscally dependent on the Housing Authority regardless of whether the Organization has (1) a separately elected governed board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based upon the application of these criteria, this report includes the following component units:

**Low Income Housing Development Corporation "LIHDC"**

LIHDC was established on September 8, 2009 to develop, finance, construct, and/or operate three housing projects known as Garfield Gardens, Deming Center, and Seven Homes through Neighborhood Stabilization Program grants. LIHDC is a wholly owned not-for-profit subsidiary of the Housing Authority, the Board of Directors of LIHDC is identical to the Housing Authority's Board of Commissioners and the operations of LIHDC are included in the accompanying blended financial statements.

**Terre Haute Development Corporation ("THHADC")**

THHADC was established by the Terre Haute Housing Authority in 1975 to provide low-rent housing for qualified individuals. THHADC is a wholly owned not-for-profit subsidiary of the Housing Authority, the Board of Directors of THHADC is almost identical (5 of the 6 Board members are the same as the Housing Authority's Board) to the Housing Authority's Board of Commissioners and the operations of THHADC are included in the Housing Authority's financial statements as a blended component unit.

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

The Housing Authority of the City of Terre Haute also has two discretely presented component units, High I, L.P. and High II, L.P. The entities are shown as discretely presented because the Housing Authority is financially accountable, but they do not have full ownership over the entities. High I, L.P. consists of 30 housing units and High II, L.P. consists of 35 housing units. Separate financial statements for the component units are available through request of the Housing Authority.

**Programs Administered by the Housing Authority** - The programs of the Housing Authority are recorded in one enterprise fund. Each program is maintained using a separate set of self-balancing accounts. The programs include a Central Office Cost Center (COCC), Public Housing, Capital Funds, Section 8 Choice Vouchers, Resident Opportunities and Self-Sufficient grant program (ROSS), blended component units, and state/local programs.

**Basis of Accounting and Measurement Focus** - The Housing Authority's basic financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Housing Authority applies all GASB pronouncements as well as U.S. GAAP, as codified by Financial Accounting Standards Board.

All activities of the Housing Authority are accounted for within one proprietary (enterprise) fund. A proprietary fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority are rents collected from tenants and operating grants. Operating expenses for proprietary funds include the cost of operating properties owned, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The transactions of the Housing Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into net investment in capital assets, restricted, and unrestricted. When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Cash and Cash Equivalents - Restricted** - Restricted cash and cash equivalents are segregated resources for tenants' security deposits, tenants' family self-sufficiency (FSS) escrow deposits, and for unspent housing assistance payments, and for unspent insurance proceeds. The component unit restricted cash is for required operating reserves.

**Accounts Receivable** - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts was \$5,077 for Public Housing, \$160,053 for Section 8, and \$823 for blended component unit at September 30, 2014.

**Prepaid Expenses** - Prepaid expenses represent payments made by the Housing Authority for which benefits extend beyond September 30, 2014.

**Insurance** - The premiums on all major insurance policies are charged to prepaid insurance and amortized over the life of the policy.

**Inventory** - Inventory is valued at cost using the first-in, first-out (FIFO) method.

**Capital Assets** - Purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Buildings and equipment are carried at cost or estimated fair value and depreciated using a straight-line method of depreciation over their estimated useful lives as follows:

Buildings and improvements	10-40 years
Equipment	3-10 years

The Housing Authority has established a capitalization threshold of \$2,000.

**Impairment of Long-Lived Assets** - The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized for the year ended September 30, 2014.

**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 Housing 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 Housing Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

The amount of accumulated benefits at September 30, 2014, was \$89,612 and is recorded as a liability in the applicable programs.

**Other Asset** - Other asset of the Housing Authority consists of the investment in the Partnership of High I, L.P. As of September 30, 2014, the balance consists of \$38,425.

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Other Asset - Component Unit** - Other asset of the component unit consists of financing costs of \$19,161 and accumulated amortization of \$9,217.

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expenditure) until then. The Housing Authority does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Housing Authority does not have any items that qualify for reporting in this category.

**Net Position Classifications** - Net position represents the difference between the total assets and the total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Federal Aids** - Federal aids for reimbursable programs are recognized as revenue in the year the related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as unearned revenue.

**Employee Retirement Plan** - The Housing Authority has a retirement plan covering substantially all of its eligible employees, which is funded through contributions to Mass Mutual.

**Due To/From Other Programs** - During the course of operations, numerous transactions occur between individual programs for goods provided or services rendered. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of net position and have been eliminated in the basic financial statements.

**Interprogram Transactions** - Quasi-external transactions are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a program for expenses initially made from it that are properly applicable to another program, are recorded as expenses in the reimbursing program and as reductions of expenses in the program that is reimbursed.

**Rental Income** - Rental income is recognized as rents become due.

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

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Construction Projects** - There are certain construction projects in progress at September 30, 2014. These include modernizing rental units at many different projects. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

**Reclassification** - For comparability, the prior year figures have been reclassified where appropriate to conform to the financial statements presentation in the current year.

**Subsequent Events** - The Housing Authority has evaluated subsequent events through February 5, 2015, the date which the financial statements were available to be issued.

**NOTE 2 - Cash and Cash Equivalents**

HUD regulations and statutes authorize the Housing Authority to have deposits in checking accounts, certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

At September 30, 2014, the Housing Authority reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 4,503,975
Cash and cash equivalents - restricted	475,307
<b>TOTAL</b>	<b><u>\$ 4,979,282</u></b>

The difference between cash and cash equivalents and the bank balance reported below is due to reconciling items such as outstanding checks and deposits in transit.

**Fair Value of Deposits** - Deposits are reported at fair value. At September 30, 2014, the fair value of the Housing Authority's deposits approximated original cost; therefore, no fair value adjustments were necessary.

**Determining Fair Value** - Fair value of the Housing Authority's deposits are determined as follows: deposits with stated interest rates (operating and savings accounts) are stated at cost.

**Income Allocation** - Interest income is generally allocated to the program that owns the certificate of deposit, money market account, and savings account.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of a bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk. As of September 30, 2014, \$4,920,663 of the Housing Authority's bank balance of \$5,170,969 was exposed to custodial risk as follows:

Uninsured, collateralized by bank	<b><u>\$ 4,920,663</u></b>
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At December 31, 2013, the Component Unit reported cash and cash equivalents as follows:

Cash and cash equivalents - restricted	<b><u>\$ 130,977</u></b>
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**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 2 - Cash and Cash Equivalents - Continued**

The difference between cash and cash equivalents and the bank balance reported below is due to reconciling items such as outstanding checks and deposits in transit.

**Fair Value of Deposits** - Deposits are reported at fair value. At December 31, 2013, the fair value of the Component Unit's deposits approximated original cost; therefore, no fair value adjustments were necessary.

**Determining Fair Value** - Fair value of the Component Unit's deposits are determined as follows: deposits with stated interest rates (operating, savings accounts, certificates of deposit, repurchase agreements, and money market accounts) are stated at cost.

**Income Allocation** - Interest income is generally allocated to the program that owns the operating account, savings account, certificates of deposit, repurchase agreement, or money market account.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of a bank failure, the Housing Authority's deposits may not be returned to it. The Component Unit does not have a deposit policy for custodial credit risk. As of December 31, 2013, \$-0- of the Component Unit's bank balance of \$130,977, was exposed to custodial risk.

**NOTE 3 - Investments**

The Housing Authority's investments as of September 30, 2014, are as follows:

Mutual Funds	\$ 736,302
Money Market Funds	300
Real Estate Funds	23,934
	<u>\$ 760,536</u>

**NOTE 4 - Fair Value Measurements**

The Housing Authority has determined the fair value of certain assets in accordance with the provisions of U.S. GAAP, which provides a framework for measuring fair value under generally accepted accounting principles.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

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**Level 1**      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Housing Authority has the ability to access.

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**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 4 - Fair Value Measurements - Continued**

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**Level 2** Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2014.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Housing Authority are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Housing Authority are deemed to be actively traded.

Real Estate Funds - Valued at the closing price reported on the active market on which the individual funds are traded.

Money Market Funds - Valued at closing price reported on the active market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Housing Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 4 - Fair Value Measurements - Continued**

The following table sets forth by level, within the fair value hierarchy, the Housing Authority's investments at fair value as of September 30, 2014.

	SEPTEMBER 30, 2014	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Mutual Funds				
Equity funds	\$ 442,248	\$ 442,248	\$ -	\$ -
Fixed income funds	294,054	294,054	-	-
Total Mutual Funds	<u>736,302</u>	<u>736,302</u>	-	-
Real Estate Funds	<u>23,934</u>	<u>23,934</u>	-	-
Money Market Funds	<u>300</u>	<u>300</u>	-	-
<b>TOTALS</b>	<b><u>\$ 760,536</u></b>	<b><u>\$ 760,536</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**NOTE 4 - Note Receivable**

At September 30, 2014, the note receivable consisted of:

Note receivable from High II, L.P., interest 6.56 percent, payments of \$3,021.09 are due monthly. Note receivable matures February 28, 2026	\$ 290,778
Current portion	<u>(17,704)</u>
<b>LONG-TERM PORTION</b>	<b><u>\$ 273,074</u></b>

**NOTE 5 - Capital Assets**

A summary of changes in capital assets for the Housing Authority is as follows:

	BALANCES 10/1/13	ADDITIONS	RETIREMENTS	TRANSFERS	ADJUSTMENTS	BALANCES 9/30/14
<i>Capital assets not being depreciated:</i>						
Land	\$ 809,950	\$ 10,000	\$ -	\$ -	\$ -	\$ 819,950
Construction in progress	<u>487,201</u>	<u>52,344</u>	-	<u>(487,201)</u>	-	<u>52,344</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>1,297,151</u>	<u>62,344</u>	-	<u>(487,201)</u>	-	<u>872,294</u>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 5 - Capital Assets - Continued**

	BALANCES <u>10/1/13</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>TRANSFERS</u>	<u>ADJUSTMENTS</u>	BALANCES <u>9/30/14</u>
<i>Capital assets being depreciated:</i>						
Buildings and improvements	\$ 46,027,784	\$ 1,240,411	\$ -	\$ 431,110	\$ (3,072)	\$ 47,696,233
Equipment	<u>676,908</u>	<u>296,452</u>	<u>(28,228)</u>	<u>56,091</u>	<u>-</u>	<u>1,001,223</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	46,704,692	1,536,863	(28,228)	487,201	(3,072)	48,697,456
Less accumulated depreciation	<u>(25,834,181)</u>	<u>(1,208,630)</u>	<u>24,113</u>	<u>-</u>	<u>26</u>	<u>(27,018,672)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>20,870,511</u>	<u>328,233</u>	<u>(4,115)</u>	<u>487,201</u>	<u>(3,046)</u>	<u>21,678,784</u>
NET CAPITAL ASSETS	<u>\$ 22,167,662</u>	<u>\$ 390,577</u>	<u>\$ (4,115)</u>	<u>\$ -</u>	<u>\$ (3,046)</u>	<u>\$ 22,551,078</u>

A summary of changes in capital assets for the Component Unit is as follows:

	BALANCE <u>1/01/13</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	BALANCE <u>12/31/13</u>
<i>Capital assets not being depreciated:</i>				
Land	<u>\$ 172,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,423</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	5,441,586	-	-	5,441,586
Equipment	<u>44,485</u>	<u>-</u>	<u>-</u>	<u>44,485</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	5,486,071	-	-	5,486,071
Less accumulated depreciation	<u>(3,069,661)</u>	<u>(198,067)</u>	<u>-</u>	<u>(3,267,728)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>2,416,410</u>	<u>(198,067)</u>	<u>-</u>	<u>2,218,393</u>
NET CAPITAL ASSETS	<u>\$ 2,588,833</u>	<u>\$ (198,067)</u>	<u>\$ -</u>	<u>\$ 2,390,766</u>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 6 - Long-Term Obligations**

Details of the Housing Authority's long-term obligations are set forth below:

**Summary of Long-Term Obligations**

	BALANCE <u>10/1/13</u>	ADDITIONS	REDUCTIONS	BALANCE <u>9/30/14</u>	AMOUNT DUE WITHIN <u>ONE YEAR</u>
Compensated absences	\$ 91,528	\$ 89,738	\$ (91,654)	\$ 89,612	\$ 66,017
Notes payable	2,421,370	-	(203,336)	2,218,034	157,299
Tenants' FSS escrow	<u>78,296</u>	<u>101,010</u>	<u>(80,188)</u>	<u>99,118</u>	<u>-</u>
	<b><u>\$ 2,591,194</u></b>	<b><u>\$ 190,748</u></b>	<b><u>\$ (375,178)</u></b>	<b><u>\$ 2,406,764</u></b>	<b><u>\$ 223,316</u></b>

At September 30, 2014, long-term debt consists of:

Loan from bank with interest at 4.36 percent requiring monthly payments of \$3,289. The loan is secured by property and matures May 2026.	\$ 349,885
Loan from bank with interest at 4.88 percent requiring monthly payments of \$2,311. The loan is secured by property and matures April 2027.	260,393
Loan from bank with interest at 4.75 percent requiring monthly payments of \$1,907. The loan is secured by property and matures February 2023.	167,833
Loan from City of Terre Haute Department of Redevelopment for 7 properties. The loan is forgivable over a 20-year period at 5 percent each year.	477,273
Loan from City of Terre Haute Department of Redevelopment for 19 properties. The loan is forgivable over a 15-year period at 20 percent each year.	15,679
Loan from City of Terre Haute Department of Redevelopment. The interest rate is 6.02 percent with required monthly payments of \$736. The loan is secured by mortgage of rental payments and is due June 2028.	82,785
THHADC loaned High I, L.P. HOME funds that it had borrowed from the Terre Haute Department of Redevelopment. The interest rate is 6.56 percent with required monthly payments of \$3,021. The note is collateralized by a mortgage and is due in February 2026.	283,482
THHADC currently has 35 loans among four different lending institutions. Interest rates range from 4.57 - 6.00 percent and maturity dates vary between November 2014 and April 2036 and each individual mortgage due to the nature of the market and date of acquisition.	<u>580,704</u>
Less current portion	<u>2,218,034</u>
<b>TOTAL</b>	<b><u>(157,299)</u></b> <b><u>\$ 2,060,735</u></b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 6 - Long-Term Obligations - Continued**

Maturities of Long-Term Debt

Maturities of the long-term debt at September 30, 2014, are:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2015	\$ 157,299	\$ 82,735
2016	147,893	76,967
2017	142,612	71,145
2018	145,607	65,378
2019	151,619	59,393
2020-2024	856,426	195,177
2025-2029	406,863	54,834
2030-2034	165,159	23,380
2035-2036	44,556	1,584
	<b><u>\$ 2,218,034</u></b>	<b><u>\$ 630,593</u></b>

Details of the Component Unit's long-term obligations are set forth below:

**Summary of Long-Term Obligations**

	<u>BALANCE</u> <u>1/01/13</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Notes payable	<b><u>\$ 1,535,453</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (74,930)</u></b>	<b><u>\$ 1,460,523</u></b>	<b><u>\$ 77,123</u></b>

At December 31, 2013, long-term debt consists of:

THHADC loan with Terre Haute Home monies for use in construction. Interest at a rate of 6.56 percent requiring monthly payments of \$3,021 available from cash flow. The loan is secured by mortgage and matures in 2026.	\$ 303,316
Loan from bank with interest currently at 2.29 percent. (Interest is based on Federal Home Loan Bank Community Investment rate plus 1 percent). Requires monthly payments of \$3,421. The loan is secured by a mortgage on the properties.	458,639
Loan from bank with interest at 5.52 percent requiring monthly payments of \$5,666. Loan is secured by property and matures May 15, 2029.	<u>698,568</u>
	1,460,523
Less current portion	<u>(77,123)</u>
<b>TOTAL</b>	<b><u>\$ 1,383,400</u></b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 6 - Long-Term Obligations - Continued**

Maturities of Long-Term Debt

Maturities of the long-term debt at December 31, 2013, are:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 77,123	\$ 65,668
2015	81,574	63,721
2016	85,333	59,963
2017	89,294	56,002
2018	93,468	51,828
2019-2023	538,343	188,137
2024-2028	482,820	55,426
2029	12,568	-
	<b><u>\$ 1,460,523</u></b>	<b><u>\$ 540,745</u></b>

**NOTE 7 - Pension Plan**

The Housing Authority provides pension benefits for all its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amount contributed to the plan plus investment earnings. Employees who choose to participate can contribute some of their regular wages, on a tax-deferred basis, to their retirement account. Enrollment in the plan occurs once per year, on October 1. New full time employees who are at least age 20 ½ and have completed at least six months of service as of October 1 will be enrolled in the plan.

Employees may contribute up to the maximum amount allowable by law to the retirement plan. The Housing Authority will contribute an amount equal to 2.5 percent of the employee's regular wages. Additionally, the Housing Authority will match employee contributions up to 6 percent.

The Housing Authority's total eligible payroll in year ended September 30, 2014, approximated \$1,568,818. The Housing Authority's contributions were calculated using a defined contribution pension plan. For the year ended September 30, 2014, the Housing Authority's portion approximated \$109,616, which has been charged to the employee fringe benefit account.

**NOTE 8 - Net Position**

The following is a summary of individual net position restrictions at September 30, 2014:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Section 8 Choice Vouchers	Future HAP expenditures	\$ 136,609
Public Housing	Unspent insurance proceeds	2,438
	<b>TOTAL RESTRICTED NET POSITION</b>	<b><u>\$ 139,047</u></b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2014

**NOTE 9 - Risk Management**

**Insured Risk** - The Housing Authority purchases commercial insurance with various deductibles and coverages to cover liability, property, workers' compensation, errors, omissions, and employee defalcation risk. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 10 - Economic Dependency**

The Housing Authority received approximately 68 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

**NOTE 11 - Prior Period Adjustments**

The prior period adjustments are to write off fixed assets below capitalization policy that were included in inventory in prior years. The prior period adjustment in the component units is to recognize beginning net asset balances.

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

**SUPPLEMENTARY INFORMATION**



**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

ASSETS	PUBLIC HOUSING						CAPITAL FUNDS	HOUSING CHOICE VOUCHERS
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 217,923	\$ 71,521	\$ 33,360	\$ 43,029	\$ 96,591	\$ 34,706	\$ -	\$ 132,384
Cash and cash equivalents - restricted								
Tenant security deposits	57,114	26,926	16,221	8,925	30,660	49,732	-	-
Other restricted	1,600	20,141	2,248	-	-	42,834	-	171,342
Investments	-	-	-	-	-	-	-	-
Receivables								
Tenants, net of allowance for doubtful accounts	1,979	7,146	5,674	3,179	6,611	21,433	-	1,955
Other, net of allowance for doubtful accounts	-	-	-	-	-	-	-	51,589
Due from other governments	-	-	-	-	-	-	52,344	19,067
Due from other programs	-	-	-	-	-	-	-	-
Inventory	15,357	10,144	6,629	4,739	4,730	-	-	-
Prepaid expenses	36,537	36,897	25,396	22,252	18,941	83,688	-	7,256
Note receivable - current portion	-	-	-	-	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>330,510</u>	<u>172,775</u>	<u>89,528</u>	<u>82,124</u>	<u>157,533</u>	<u>232,393</u>	<u>52,344</u>	<u>383,593</u>
<b>NONCURRENT ASSETS</b>								
Note receivable	-	-	-	-	-	-	-	-
Other asset	-	-	-	-	-	-	-	-
Land	154,997	172,000	61,483	-	-	200,972	-	-
Buildings and improvements	3,637,736	3,338,809	3,659,985	2,108,233	5,700,369	17,291,556	-	-
Equipment	64,539	55,587	112,121	107,538	219,465	101,896	-	21,940
Construction in progress	-	-	-	-	-	-	52,344	-
Less accumulated depreciation	(3,328,097)	(2,661,186)	(1,922,969)	(1,589,845)	(4,314,035)	(9,988,232)	-	(2,194)
<b>TOTAL NONCURRENT ASSETS</b>	<u>529,175</u>	<u>905,210</u>	<u>1,910,620</u>	<u>625,926</u>	<u>1,605,799</u>	<u>7,606,192</u>	<u>52,344</u>	<u>19,746</u>
<b>TOTAL ASSETS</b>	<u>\$ 859,685</u>	<u>\$ 1,077,985</u>	<u>\$ 2,000,148</u>	<u>\$ 708,050</u>	<u>\$ 1,763,332</u>	<u>\$ 7,838,585</u>	<u>\$ 104,688</u>	<u>\$ 403,339</u>

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**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF NET POSITION - Continued**  
**SEPTEMBER 30, 2014**

ASSETS	COMPONENT UNITS					SUBTOTAL	ELIMINATING ENTRY	TOTAL
	LIHDC	THHADDC	ROSS	STATE/LOCAL	COCC			
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 3,015,122	\$ 26,125	\$ -	\$ -	\$ 833,214	\$ 4,503,975	\$ -	\$ 4,503,975
Cash and cash equivalents - restricted								
Tenant security deposits	34,529	13,035	-	-	-	237,142	-	237,142
Other restricted	-	-	-	-	-	238,165	-	238,165
Investments	-	760,536	-	-	-	760,536	-	760,536
Receivables								
Tenants, net of allowance for doubtful accounts	7,410	16,223	-	-	-	71,610	-	71,610
Other, net of allowance for doubtful accounts	-	190,606	-	-	42,710	284,905	-	284,905
Due from other governments	-	-	936	11,967	-	84,314	-	84,314
Due from other programs	16,578	-	-	8,196	118,353	143,127	(143,127)	-
Inventory	1,661	-	-	-	23,211	66,471	-	66,471
Prepaid expenses	47,518	22,359	-	-	25,512	326,356	-	326,356
Note receivable - current portion	-	17,704	-	-	-	17,704	-	17,704
<b>TOTAL CURRENT ASSETS</b>	<b>3,122,818</b>	<b>1,046,588</b>	<b>936</b>	<b>20,163</b>	<b>1,043,000</b>	<b>6,734,305</b>	<b>(143,127)</b>	<b>6,591,178</b>
<b>NONCURRENT ASSETS</b>								
Note receivable	-	273,074	-	-	-	273,074	-	273,074
Other asset		38,425				38,425		38,425
Land	152,500	64,973	-	-	13,025	819,950	-	819,950
Buildings and improvements	7,047,289	3,643,305	-	-	1,268,951	47,696,233	-	47,696,233
Equipment	7,304	70,551	-	-	240,282	1,001,223	-	1,001,223
Construction in progress	-	-	-	-	-	52,344	-	52,344
Less accumulated depreciation	(630,047)	(1,996,306)	-	-	(585,761)	(27,018,672)	-	(27,018,672)
<b>TOTAL NONCURRENT ASSETS</b>	<b>6,577,046</b>	<b>2,094,022</b>	<b>-</b>	<b>-</b>	<b>936,497</b>	<b>22,862,577</b>	<b>-</b>	<b>22,862,577</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,699,864</b>	<b>\$ 3,140,610</b>	<b>\$ 936</b>	<b>\$ 20,163</b>	<b>\$ 1,979,497</b>	<b>\$ 29,596,882</b>	<b>\$ (143,127)</b>	<b>\$ 29,453,755</b>

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**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF NET POSITON - Continued**  
**SEPTEMBER 30, 2014**

LIABILITIES AND NET POSITION	PUBLIC HOUSING						CAPITAL FUNDS	HOUSING CHOICE VOUCHERS
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
<b>CURRENT LIABILITIES</b>								
Accounts payable	\$ 2,701	\$ 3,783	\$ 1,072	\$ 2,608	\$ 1,153	\$ 5,306	\$ -	\$ 391
Accrued payroll and payroll liabilities	-	-	-	-	-	-	-	-
Accrued expenses	4,254	3,230	1,810	381	584	4,172	-	-
Compensated absences	8,125	2,389	1,596	1,071	2,655	7,552	-	9,729
Tenants' security deposits	57,114	26,926	16,221	8,925	30,660	49,732	-	-
Unearned revenue	1,222	1,910	3,547	341	1,824	2,300	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Due to other programs	-	-	-	-	-	-	52,344	30,801
Due to other governments	29,233	-	-	-	15,016	16,573	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>102,649</b>	<b>38,238</b>	<b>24,246</b>	<b>13,326</b>	<b>51,892</b>	<b>85,635</b>	<b>52,344</b>	<b>40,921</b>
<b>NONCURRENT LIABILITIES</b>								
Compensated absences	4,673	684	456	857	2,143	2,223	-	7,476
Tenants' FSS escrow	-	20,141	1,410	-	-	42,834	-	34,733
Notes payable	-	-	-	-	-	-	-	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>4,673</b>	<b>20,825</b>	<b>1,866</b>	<b>857</b>	<b>2,143</b>	<b>45,057</b>	<b>-</b>	<b>42,209</b>
<b>TOTAL LIABILITIES</b>	<b>107,322</b>	<b>59,063</b>	<b>26,112</b>	<b>14,183</b>	<b>54,035</b>	<b>130,692</b>	<b>52,344</b>	<b>83,130</b>
<b>NET POSITION</b>								
Net investment in capital assets	529,175	905,210	1,910,620	625,926	1,605,799	7,606,192	52,344	19,746
Restricted	1,600	-	838	-	-	-	-	136,609
Unrestricted	221,588	113,712	62,578	67,941	103,498	101,701	-	163,854
<b>TOTAL NET POSITION</b>	<b>752,363</b>	<b>1,018,922</b>	<b>1,974,036</b>	<b>693,867</b>	<b>1,709,297</b>	<b>7,707,893</b>	<b>52,344</b>	<b>320,209</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 859,685</b>	<b>\$ 1,077,985</b>	<b>\$ 2,000,148</b>	<b>\$ 708,050</b>	<b>\$ 1,763,332</b>	<b>\$ 7,838,585</b>	<b>\$ 104,688</b>	<b>\$ 403,339</b>

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**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF NET POSITON - Continued**  
**SEPTEMBER 30, 2014**

LIABILITIES AND NET POSITION	COMPONENT UNITS					SUBTOTAL	ELIMINATING ENTRY	TOTAL
	LIHDC	THHADC	ROSS	STATE/LOCAL	COCC			
<b>CURRENT LIABILITIES</b>								
Accounts payable	\$ 84,224	\$ 1,801	\$ -	\$ 901	\$ 10,675	\$ 114,615	\$ -	\$ 114,615
Accrued payroll and payroll liabilities	-	-	-	-	796	796	-	796
Accrued expenses	799	288	-	-	6,097	21,615	-	21,615
Compensated absences	4,193	-	378	777	27,552	66,017	-	66,017
Tenants' security deposits	34,529	13,035	-	-	-	237,142	-	237,142
Unearned revenue	2,251	607	-	-	-	14,002	-	14,002
Current portion of notes payable	13,538	103,662	-	-	40,099	157,299	-	157,299
Due to other programs	11,590	31,225	558	4,662	11,947	143,127	(143,127)	-
Due to other governments	-	-	-	-	-	60,822	-	60,822
<b>TOTAL CURRENT LIABILITIES</b>	<b>151,124</b>	<b>150,618</b>	<b>936</b>	<b>6,340</b>	<b>97,166</b>	<b>815,435</b>	<b>(143,127)</b>	<b>672,308</b>
						-		
<b>NONCURRENT LIABILITIES</b>								
Compensated absences	1,748	-	-	118	3,217	23,595	-	23,595
Tenants' FSS escrow	-	-	-	-	-	99,118	-	99,118
Notes payable	154,295	1,336,261	-	-	570,179	2,060,735	-	2,060,735
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>156,043</b>	<b>1,336,261</b>	<b>-</b>	<b>118</b>	<b>573,396</b>	<b>2,183,448</b>	<b>-</b>	<b>2,183,448</b>
						-		
<b>TOTAL LIABILITIES</b>	<b>307,167</b>	<b>1,486,879</b>	<b>936</b>	<b>6,458</b>	<b>670,562</b>	<b>2,998,883</b>	<b>(143,127)</b>	<b>2,855,756</b>
						-		
<b>NET POSITION</b>								
Net investment in capital assets	6,409,213	626,082	-	-	326,219	20,616,526	-	20,616,526
Restricted	-	-	-	-	-	139,047	-	139,047
Unrestricted	2,983,484	1,027,649	-	13,705	982,716	5,842,426	-	5,842,426
<b>TOTAL NET POSITION</b>	<b>9,392,697</b>	<b>1,653,731</b>	<b>-</b>	<b>13,705</b>	<b>1,308,935</b>	<b>26,597,999</b>	<b>-</b>	<b>26,597,999</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 9,699,864</b>	<b>\$ 3,140,610</b>	<b>\$ 936</b>	<b>\$ 20,163</b>	<b>\$ 1,979,497</b>	<b>\$ 29,596,882</b>	<b>\$ (143,127)</b>	<b>\$ 29,453,755</b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2014**

	PUBLIC HOUSING						CAPITAL FUNDS	HOUSING CHOICE VOUCHERS
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
<b>OPERATING REVENUE</b>								
Dwelling rental	\$ 475,914	\$ 140,871	\$ 61,423	\$ 88,391	\$ 409,338	\$ 186,693	\$ -	\$ -
Operating grants	496,312	667,272	405,226	229,230	273,156	473,093	70,000	4,251,758
Other operating revenue	109,250	52,969	36,809	34,835	49,563	266,849	-	109,254
<b>TOTAL OPERATING REVENUE</b>	<b>1,081,476</b>	<b>861,112</b>	<b>503,458</b>	<b>352,456</b>	<b>732,057</b>	<b>926,635</b>	<b>70,000</b>	<b>4,361,012</b>
<b>OPERATING EXPENSES</b>								
Administration	344,705	205,513	135,326	67,659	194,503	176,231	70,000	431,215
Tenant services	50,126	29,901	19,429	10,343	31,587	30,550	-	-
Utilities	214,449	214,806	177,594	132,212	259,814	37,652	-	-
Maintenance and operations	285,788	367,097	230,180	94,931	185,409	578,666	-	67,373
General expenses	41,777	3,895	435	2,402	23,188	46,843	-	37,312
Insurance expenses	46,108	42,444	28,278	25,047	23,339	94,720	-	9,557
Protective services	23,480	76,782	47,375	10,365	16,146	385	-	-
Housing assistance payments	-	-	-	-	-	-	-	3,806,239
Depreciation	34,609	51,874	120,222	56,152	149,037	465,869	-	3,223
<b>TOTAL OPERATING EXPENSES</b>	<b>1,041,042</b>	<b>992,312</b>	<b>758,839</b>	<b>399,111</b>	<b>883,023</b>	<b>1,430,916</b>	<b>70,000</b>	<b>4,354,919</b>
<b>OPERATING INCOME (LOSS)</b>	<b>40,434</b>	<b>(131,200)</b>	<b>(255,381)</b>	<b>(46,655)</b>	<b>(150,966)</b>	<b>(504,281)</b>	<b>-</b>	<b>6,093</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>								
Interest income	-	-	-	-	-	-	-	291
Gain on disposition of capital assets	-	2,480	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-
<b>NET NONOPERATING REVENUE (EXPENSE)</b>	<b>-</b>	<b>2,480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291</b>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS</b>	<b>40,434</b>	<b>(128,720)</b>	<b>(255,381)</b>	<b>(46,655)</b>	<b>(150,966)</b>	<b>(504,281)</b>	<b>-</b>	<b>6,384</b>
<b>CAPITAL GRANTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>735,642</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>40,434</b>	<b>(128,720)</b>	<b>(255,381)</b>	<b>(46,655)</b>	<b>(150,966)</b>	<b>(504,281)</b>	<b>735,642</b>	<b>6,384</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>604,691</b>	<b>1,102,223</b>	<b>2,140,645</b>	<b>153,660</b>	<b>1,752,542</b>	<b>7,991,574</b>	<b>361,061</b>	<b>313,825</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>(3,410)</b>	<b>(2,581)</b>	<b>(1,228)</b>	<b>(210)</b>	<b>(5,299)</b>	<b>(6,509)</b>	<b>(510)</b>	<b>-</b>
<b>RESIDUAL EQUITY TRANSFER IN (OUT)</b>	<b>110,648</b>	<b>48,000</b>	<b>90,000</b>	<b>587,072</b>	<b>113,020</b>	<b>227,109</b>	<b>(1,043,849)</b>	<b>-</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 752,363</b>	<b>\$ 1,018,922</b>	<b>\$ 1,974,036</b>	<b>\$ 693,867</b>	<b>\$ 1,709,297</b>	<b>\$ 7,707,893</b>	<b>\$ 52,344</b>	<b>\$ 320,209</b>

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**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued**  
**YEAR ENDED SEPTEMBER 30, 2014**

	COMPONENT UNITS						SUBTOTAL	ELIMINATING ENTRY	TOTAL
	LIHDC	THHADDC	WARREN VILLAGE	ROSS	STATE/LOCAL	COCC			
<b>OPERATING REVENUE</b>									
Dwelling rental	\$ 447,801	\$ 347,762	\$ -	\$ -	\$ -	\$ -	\$ 2,158,193	\$ -	\$ 2,158,193
Operating grants	1,208,666	28,474	-	39,444	88,317	-	8,230,948	-	8,230,948
Other operating revenue	186,934	51,321	-	-	-	1,278,201	2,175,985	(1,286,960)	889,025
<b>TOTAL OPERATING REVENUE</b>	<b>1,843,401</b>	<b>427,557</b>	<b>-</b>	<b>39,444</b>	<b>88,317</b>	<b>1,278,201</b>	<b>12,565,126</b>	<b>(1,286,960)</b>	<b>11,278,166</b>
<b>OPERATING EXPENSES</b>									
Administration	244,982	64,655	-	38,850	5,864	751,272	2,730,775	(1,187,080)	1,543,695
Tenant services	14,288	9,549	-	-	84,810	1,029	281,612	-	281,612
Utilities	284,381	11,278	-	-	992	31,831	1,365,009	-	1,365,009
Maintenance and operations	301,118	163,326	-	-	-	39,587	2,313,475	(99,880)	2,213,595
General expenses	11,661	15,542	-	594	-	2,174	185,823	-	185,823
Insurance expenses	72,907	18,737	-	-	-	36,052	397,189	-	397,189
Protective services	34,849	-	-	-	-	-	209,382	-	209,382
Housing assistance payments	-	-	-	-	-	-	3,806,239	-	3,806,239
Depreciation	192,199	70,782	-	-	-	64,663	1,208,630	-	1,208,630
<b>TOTAL OPERATING EXPENSES</b>	<b>1,156,385</b>	<b>353,869</b>	<b>-</b>	<b>39,444</b>	<b>91,666</b>	<b>926,608</b>	<b>12,498,134</b>	<b>(1,286,960)</b>	<b>11,211,174</b>
<b>OPERATING INCOME (LOSS)</b>	<b>687,016</b>	<b>73,688</b>	<b>-</b>	<b>-</b>	<b>(3,349)</b>	<b>351,593</b>	<b>66,992</b>	<b>-</b>	<b>66,992</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>									
Interest income	-	85,200	-	-	-	-	85,491	-	85,491
Gain on disposition of capital assets	-	-	-	-	-	-	2,480	-	2,480
Interest expense	(8,156)	(52,411)	-	-	-	(28,529)	(89,096)	-	(89,096)
<b>NET NONOPERATING (EXPENSE) REVENUE</b>	<b>(8,156)</b>	<b>32,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,529)</b>	<b>(1,125)</b>	<b>-</b>	<b>(1,125)</b>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS</b>	<b>678,860</b>	<b>106,477</b>	<b>-</b>	<b>-</b>	<b>(3,349)</b>	<b>323,064</b>	<b>65,867</b>	<b>-</b>	<b>65,867</b>
<b>CAPITAL GRANTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>735,642</b>	<b>-</b>	<b>735,642</b>
<b>CHANGE IN NET POSITION</b>	<b>678,860</b>	<b>106,477</b>	<b>-</b>	<b>-</b>	<b>(3,349)</b>	<b>323,064</b>	<b>801,509</b>	<b>-</b>	<b>801,509</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>8,713,837</b>	<b>-</b>	<b>5,502</b>	<b>-</b>	<b>17,054</b>	<b>1,118,248</b>	<b>24,274,862</b>	<b>-</b>	<b>24,274,862</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>1,547,254</b>	<b>(5,502)</b>	<b>-</b>	<b>-</b>	<b>(377)</b>	<b>1,521,628</b>	<b>-</b>	<b>1,521,628</b>
<b>RESIDUAL EQUITY TRANSFER IN (OUT)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(132,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 9,392,697</b>	<b>\$ 1,653,731</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,705</b>	<b>\$ 1,308,935</b>	<b>\$ 26,597,999</b>	<b>\$ -</b>	<b>\$ 26,597,999</b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	PUBLIC HOUSING						CAPITAL FUNDS	SECTION 8
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from tenants/participants	\$ 475,296	\$ 142,725	\$ 60,664	\$ 88,706	\$ 408,469	\$ 188,621	\$ -	\$ -
Cash received from interfund services provided	-	-	-	-	-	-	51,834	-
Cash received from operating grants	496,312	667,272	405,226	229,230	273,156	473,093	252,608	4,232,691
Other income received	109,683	53,055	39,596	34,210	50,301	266,698	-	103,197
Cash payments to vendors	(764,648)	(679,216)	(466,269)	(298,519)	(613,857)	(548,142)	(304,951)	(260,607)
Cash payments to employees	(249,804)	(268,359)	(181,126)	(50,416)	(126,697)	(422,721)	-	(282,493)
Cash payments for housing assistance	-	-	-	-	-	-	-	(3,806,239)
Cash payments for interfund services used	-	-	-	-	-	-	-	(8,531)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>66,839</u>	<u>(84,523)</u>	<u>(141,909)</u>	<u>3,211</u>	<u>(8,628)</u>	<u>(42,451)</u>	<u>(509)</u>	<u>(21,982)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Capital grants	-	-	-	-	-	-	735,642	-
Issuance of notes receivable	-	-	-	-	-	-	-	-
Acquisition of capital assets	(118,906)	(33,184)	-	(279,901)	(135,271)	(185,109)	(52,344)	(21,940)
Proceeds from sale of capital assets	-	2,480	-	-	-	-	-	4,115
Principal payments	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
<b>NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(118,906)</u>	<u>(30,704)</u>	<u>-</u>	<u>(279,901)</u>	<u>(135,271)</u>	<u>(185,109)</u>	<u>683,298</u>	<u>(17,825)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Equity transfer in (out)	<u>79,334</u>	<u>48,000</u>	<u>90,000</u>	<u>257,326</u>	<u>113,020</u>	<u>227,109</u>	<u>(682,789)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest received	-	-	-	-	-	-	-	291
Purchase of investments	-	-	-	-	-	-	-	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>27,267</u>	<u>(67,227)</u>	<u>(51,909)</u>	<u>(19,364)</u>	<u>(30,879)</u>	<u>(451)</u>	<u>-</u>	<u>(39,516)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>249,370</u>	<u>185,815</u>	<u>103,738</u>	<u>71,318</u>	<u>158,130</u>	<u>127,723</u>	<u>-</u>	<u>343,242</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 276,637</b></u>	<u><b>\$ 118,588</b></u>	<u><b>\$ 51,829</b></u>	<u><b>\$ 51,954</b></u>	<u><b>\$ 127,251</b></u>	<u><b>\$ 127,272</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 303,726</b></u>

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**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED SEPTEMBER 30, 2014**

	COMPONENT UNITS						ELIMINATING ENTRY	TOTAL
	LIHDC	THHADDC	WARREN VILLAGE	ROSS	STATE & LOCAL	COCC		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from tenants/participants	\$ 444,386	\$ 340,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,149,805
Cash received from interfund services provided	-	37,932	-	558	10,855	-	(101,179)	-
Cash received from operating grants	1,208,666	28,474	-	39,444	-	-	-	8,306,172
Other income received	185,902	54,522	-	-	80,199	1,237,863	(1,286,960)	928,266
Cash payments to vendors	(810,399)	(177,640)	(2,624)	(1,530)	(81,013)	(873,690)	1,286,960	(4,596,145)
Cash payments to employees	(209,474)	(105,978)	-	(38,472)	(10,041)	1,633	-	(1,943,948)
Cash payments for housing assistance	-	-	-	-	-	-	-	(3,806,239)
Cash payments for interfund services used	(3,619)	-	(3,630)	-	-	(85,399)	101,179	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING     ACTIVITIES</b>	<u>815,462</u>	<u>178,248</u>	<u>(6,254)</u>	<u>-</u>	<u>-</u>	<u>280,407</u>	<u>-</u>	<u>1,037,911</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Capital grants	-	-	-	-	-	-	-	735,642
Issuance of notes receivable	-	16,583	-	-	-	-	-	16,583
Acquisition of capital assets	(706,918)	(24,475)	-	-	-	(41,159)	-	(1,599,207)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	6,595
Principal payments	(11,515)	(153,155)	-	-	-	(38,666)	-	(203,336)
Interest paid	(8,156)	(52,470)	-	-	-	(29,130)	-	(89,756)
<b>NET CASH (USED IN) PROVIDED BY CAPITAL AND     RELATED FINANCING ACTIVITIES</b>	<u>(726,589)</u>	<u>(213,517)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,955)</u>	<u>-</u>	<u>(1,133,479)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Equity transfer in	-	-	-	-	-	(132,000)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest received	-	85,200	-	-	-	-	-	85,491
Purchase of investments	-	(50,540)	-	-	-	-	-	(50,540)
<b>NET CASH PROVIDED BY (USED IN) INVESTING     ACTIVITIES</b>	<u>-</u>	<u>34,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,951</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	88,873	(609)	(6,254)	-	-	39,452	-	(60,617)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,960,778</u>	<u>39,769</u>	<u>6,254</u>	<u>-</u>	<u>-</u>	<u>793,762</u>	<u>-</u>	<u>5,039,899</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 3,049,651</b></u>	<u><b>\$ 39,160</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 833,214</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,979,282</b></u>

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**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED SEPTEMBER 30, 2014**

	PUBLIC HOUSING						CAPITAL FUNDS	SECTION 8
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>								
Cash and cash equivalents	\$ 217,923	\$ 71,521	\$ 33,360	\$ 43,029	\$ 96,591	\$ 34,706	\$ -	\$ 132,384
Cash and cash equivalents - restricted	<u>58,714</u>	<u>47,067</u>	<u>18,469</u>	<u>8,925</u>	<u>30,660</u>	<u>92,566</u>	<u>-</u>	<u>171,342</u>
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION</b>	<b><u>\$ 276,637</u></b>	<b><u>\$ 118,588</u></b>	<b><u>\$ 51,829</u></b>	<b><u>\$ 51,954</u></b>	<b><u>\$ 127,251</u></b>	<b><u>\$ 127,272</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 303,726</u></b>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>								
Operating income (loss)	\$ 40,434	\$ (131,200)	\$ (255,381)	\$ (46,655)	\$ (150,966)	\$ (504,281)	\$ -	\$ 6,093
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation	34,609	51,874	120,222	56,152	149,037	465,869	-	3,223
Prior period adjustments	(3,410)	(2,581)	(1,228)	(210)	(5,299)	(6,509)	-	-
Changes in assets and liabilities								
(Increase) decrease in assets								
Accounts receivable	(524)	1,833	146	(477)	103	1,446	-	(7,442)
Due from other governments	-	-	-	-	-	-	182,608	(19,067)
Due from other funds	-	-	-	-	-	-	1,965	-
Inventory	915	165	1,123	(1,846)	6,131	6,509	-	-
Prepaid expenses	(3,637)	(3,317)	(3,562)	(1,679)	(1,650)	(11,117)	-	(3,049)
Increase (decrease) in liabilities								
Accounts payable	1,694	(99)	(299)	1,663	38	(1,830)	(234,951)	19
Accrued expenses	(358)	(6,426)	(5,977)	(3,904)	(1,098)	522	-	2,322
Unearned revenue	433	86	2,787	(625)	738	(151)	-	-
Due to other governments	(3,223)	-	-	-	(4,690)	(3,233)	-	(244)
Due to other funds	-	-	-	-	-	-	49,869	(8,531)
Tenants' FSS escrow	-	5,121	1,165	-	-	9,842	-	4,694
Tenants' security deposits	(94)	21	(905)	792	(972)	482	-	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b><u>\$ 66,839</u></b>	<b><u>\$ (84,523)</u></b>	<b><u>\$ (141,909)</u></b>	<b><u>\$ 3,211</u></b>	<b><u>\$ (8,628)</u></b>	<b><u>\$ (42,451)</u></b>	<b><u>\$ (509)</u></b>	<b><u>\$ (21,982)</u></b>

(Continued on page 37)

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED SEPTEMBER 30, 2014**

	COMPONENT UNITS						ELIMINATING ENTRY	TOTAL
	LIHDC	THHADDC	WARREN VILLAGE	ROSS	STATE & LOCAL	COCC		
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>								
Cash and cash equivalents	\$ 3,015,122	\$ 26,125	\$ -	\$ -	\$ -	\$ 833,214	\$ -	\$ 4,503,975
Cash and cash equivalents - restricted	34,529	13,035	-	-	-	-	-	475,307
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION</b>	<b>\$ 3,049,651</b>	<b>\$ 39,160</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 833,214</b>	<b>\$ -</b>	<b>\$ 4,979,282</b>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>								
Operating income (loss)	\$ 687,016	\$ 73,688	\$ -	\$ -	\$ (3,349)	\$ 351,593	\$ -	\$ 66,992
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation	192,199	70,782	-	-	-	64,663	-	1,208,630
Prior period adjustments	-	-	(2,456)	-	-	(377)	-	(22,070)
Changes in assets and liabilities								
(Increase) decrease in assets								
Accounts receivable	(2,363)	(1,844)	-	-	-	(40,338)	-	(49,460)
Due from other governments	-	-	-	(936)	(8,118)	-	-	154,487
Due from other funds	68,405	6,707	-	-	6,193	(75,979)	(7,291)	-
Inventory	2,231	-	-	-	-	(821)	-	14,407
Prepaid expenses	(7,182)	(2,273)	2,904	-	-	(8,216)	-	(42,778)
Increase (decrease) in liabilities								
Accounts payable	(50,017)	1,757	(3,072)	-	770	254	-	(284,073)
Accrued expenses	(719)	(15)	-	378	(158)	(952)	-	(16,385)
Unearned revenue	(1,032)	(227)	-	-	-	-	-	2,009
Due to other governments	-	-	-	-	-	-	-	(11,390)
Due to other funds	(72,024)	31,225	(3,630)	558	4,662	(9,420)	7,291	-
Tenants' FSS escrow	-	-	-	-	-	-	-	20,822
Tenants' security deposits	(1,052)	(1,552)	-	-	-	-	-	(3,280)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 815,462</b>	<b>\$ 178,248</b>	<b>\$ (6,254)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 280,407</b>	<b>\$ -</b>	<b>\$ 1,037,911</b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF NET POSITION -**  
**COMPONENT UNITS**  
**DECEMBER 31, 2013**

<u>ASSETS</u>	COMPONENT UNITS		<u>TOTAL</u>
	HIGH 1	HIGH 2	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents- restricted			
Tenant security deposits	\$ 6,909	\$ 8,597	\$ 15,506
Other restricted	77,391	38,080	115,471
Receivables			
Tenants, net of allowance for doubtful accounts	20,917	16,804	37,721
Due from other governments	5,003	8,570	13,573
Prepaid expenses	<u>7,085</u>	<u>8,673</u>	<u>15,758</u>
<b>TOTAL CURRENT ASSETS</b>	<u>117,305</u>	<u>80,724</u>	<u>198,029</u>
<b>NONCURRENT ASSETS</b>			
Other assets	4,400	5,544	9,944
Land	49,923	122,500	172,423
Buildings and improvements	2,391,606	3,049,980	5,441,586
Equipment	20,522	23,963	44,485
Less accumulated depreciation	<u>(1,568,503)</u>	<u>(1,699,225)</u>	<u>(3,267,728)</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>897,948</u>	<u>1,502,762</u>	<u>2,400,710</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,015,253</u></b>	<b><u>\$ 1,583,486</u></b>	<b><u>\$ 2,598,739</u></b>
 <u>LIABILITIES AND NET POSITION</u>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 42,582	\$ 46,826	\$ 89,408
Accrued expenses	801	1,671	2,472
Tenants' security deposits	6,909	8,597	15,506
Unearned revenue	70	210	280
Current portion of notes payable	47,733	29,390	77,123
Due to other governments	<u>120,385</u>	<u>82,863</u>	<u>203,248</u>
<b>TOTAL CURRENT LIABILITIES</b>	218,480	169,557	388,037
 <b>NONCURRENT LIABILITIES</b>			
Notes payable	<u>714,222</u>	<u>669,178</u>	<u>1,383,400</u>
<b>TOTAL LIABILITIES</b>	932,702	838,735	1,771,437
 <b>NET POSITION</b>			
Net investment in capital assets	131,593	798,650	930,243
Restricted	77,391	38,080	115,471
Unrestricted	<u>(126,433)</u>	<u>(91,979)</u>	<u>(218,412)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 1,015,253</u></b>	<b><u>\$ 1,583,486</u></b>	<b><u>\$ 2,598,739</u></b>

# HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE

## Terre Haute, Indiana

### COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2013

	COMPONENT UNITS		TOTAL
	HIGH 1	HIGH 2	
OPERATING REVENUE			
Dwelling rental	\$ 209,923	\$ 180,232	\$ 390,155
Other operating revenue	21,165	26,422	47,587
TOTAL OPERATING REVENUE	231,088	206,654	437,742
OPERATING EXPENSES			
Administration	46,812	45,966	92,778
Utilities	5,777	6,301	12,078
Maintenance and operations	50,361	70,622	120,983
Insurance expenses	11,025	13,446	24,471
Depreciation and amortization	83,828	114,997	198,825
TOTAL OPERATING EXPENSES	197,803	251,332	449,135
OPERATING INCOME (LOSS)	33,285	(44,678)	(11,393)
NONOPERATING (EXPENSE)			
Interest expense	(32,141)	(40,077)	(72,218)
CHANGE IN NET POSITION	1,144	(84,755)	(83,611)
NET POSITION AT BEGINNING OF YEAR	-	-	-
PRIOR PERIOD ADJUSTMENTS	81,407	829,506	910,913
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 82,551</b>	<b>\$ 744,751</b>	<b>\$ 827,302</b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**COMPONENT UNITS**  
**YEAR ENDED DECEMBER 31, 2013**

	COMPONENT UNITS		TOTAL
	HIGH 1	HIGH 2	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from tenants/participants	\$ 192,900	\$ 168,663	\$ 361,563
Other income received	30,347	26,604	56,951
Cash payments to vendors	<u>(114,638)</u>	<u>(167,432)</u>	<u>(282,070)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>108,609</u>	<u>27,835</u>	<u>136,444</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments	(45,972)	(28,958)	(74,930)
Interest paid	<u>(32,141)</u>	<u>(40,077)</u>	<u>(72,218)</u>
<b>NET CASH (USED IN) CAPITAL AND RELATED</b>			
<b>FINANCING ACTIVITIES</b>	<u>(78,113)</u>	<u>(69,035)</u>	<u>(147,148)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH</b>			
<b>EQUIVALENTS</b>	30,496	(41,200)	(10,704)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>53,804</u>	<u>87,877</u>	<u>141,681</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 84,300</b></u>	<u><b>\$ 46,677</b></u>	<u><b>\$ 130,977</b></u>

(Continued on page 41)

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**COMPONENT UNITS - Continued**  
**YEAR ENDED DECEMBER 31, 2013**

	COMPONENT UNITS		TOTAL
	HIGH 1	HIGH 2	
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>			
Cash and cash equivalents - restricted	<u>\$ 84,300</u>	<u>\$ 46,677</u>	<u>\$ 130,977</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ 33,285	\$ (44,678)	\$ (11,393)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	83,828	114,997	198,825
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(16,906)	(11,712)	(28,618)
Due from other governments	(5,003)	(8,570)	(13,573)
Prepaid expenses	(324)	(447)	(771)
Increase (decrease) in liabilities			
Accounts payable - operations	3,863	5,635	9,498
Accrued expenses	801	(136)	665
Unearned revenue	(67)	182	115
Due to other governments	9,249	(27,579)	(18,330)
Tenants' security deposits	(117)	143	26
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>\$ 108,609</b></u>	<u><b>\$ 27,835</b></u>	<u><b>\$ 136,444</b></u>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**SEPTEMBER 30, 2014**

**ANNUAL CONTRIBUTIONS CONTRACT**

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	<u>IN36P021501-09</u>
Funds approved	\$ 1,348,962
Funds expended	<u>1,348,962</u>
<b>EXCESS (DEFICIENCY) OF FUNDS APPROVED</b>	<b><u>\$ -</u></b>
HUD grants	\$ 1,348,962
Funds expended	<u>1,348,962</u>
<b>EXCESS (DEFICIENCY) OF FUNDS EXPENDED</b>	<b><u>\$ -</u></b>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated October 7, 2014, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**SEPTEMBER 30, 2014**

**ANNUAL CONTRIBUTIONS CONTRACT**

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	<u>IN36P021501-10</u>
Funds approved	\$ 1,346,362
Funds expended	<u>1,346,362</u>
<b>EXCESS (DEFICIENCY) OF FUNDS APPROVED</b>	<b><u>\$ -</u></b>
HUD grants	\$ 1,346,362
Funds expended	<u>1,346,362</u>
<b>EXCESS (DEFICIENCY) OF FUNDS EXPENDED</b>	<b><u>\$ -</u></b>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated October 7, 2014, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.



**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**SEPTEMBER 30, 2014**

**ANNUAL CONTRIBUTIONS CONTRACT**

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	<u>IN36P021501-11</u>
Funds approved	\$ 1,147,077
Funds expended	<u>1,147,077</u>
<b>EXCESS (DEFICIENCY) OF FUNDS APPROVED</b>	<b><u><u>\$ -</u></u></b>
HUD grants	\$ 1,147,077
Funds expended	<u>1,147,077</u>
<b>EXCESS (DEFICIENCY) OF FUNDS EXPENDED</b>	<b><u><u>\$ -</u></u></b>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated October 7, 2014, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

<u>GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>AWARD AMOUNT</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Section 8 Choice Vouchers			
Housing Choice Vouchers	14.871	\$ 4,235,964	\$ 4,235,964
Other Public Housing Authorities		15,794	15,794
Quadel Section 8 Pass through		838,166	<u>838,166</u>
TOTAL 14.871			<u>5,089,924</u>
Public and Indian Housing	14.850		
IN021-00000112D		346	346
IN021-00000113D		113,917	113,917
IN021-00000114D		382,049	382,049
IN021-00000212D		511	511
IN021-00000213D		153,926	153,926
IN021-00000214D		512,835	512,835
IN021-00000312D		347	347
IN021-00000313D		104,401	104,401
IN021-00000314D		300,478	300,478
IN021-00000412D		165	165
IN021-00000413D		49,732	49,732
IN021-00000414D		179,333	179,333
IN021-00000512D		212	212
IN021-00000513D		63,215	63,215
IN021-00000514D		209,729	209,729
IN021-00000612D		392	392
IN021-00000613D		105,479	105,479
IN021-00000614D		367,222	<u>367,222</u>
TOTAL 14.850			<u>2,544,289</u>
ROSS	14.870		
IN021RFS093A013		64,188	<u>39,444</u>
Public Housing Capital Fund	14.872		
IN36P021501-12		1,036,913	281,167
IN36P021501-11		1,147,077	<u>524,475</u>
TOTAL 14.872			<u>805,642</u>
Indian Housing and Community Development Authority - Pass Through			
Housing Opportunities for Persons with AIDS	14.421	43,094	<u>42,317</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 8,521,616</u></b>

**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued  
YEAR ENDED SEPTEMBER 30, 2014

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Terre Haute and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

**OTHER REPORTS**

**INDEPENDENT AUDITORS' 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**

To the Board of Commissioners  
Housing Authority of the City of Terre Haute  
Terre Haute, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Terre Haute ("Housing Authority"), as of and for the year ended September 30, 2014, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated February 5, 2015.

**Internal Control Over Financial Reporting**

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
February 5, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Commissioners  
Housing Authority of the City of Terre Haute  
Terre Haute, Indiana

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the City of Terre Haute's ("Housing Authority") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal Program

In our opinion, Housing Authority of the City of Terre Haute, 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 September 30, 2014.

## Report on Internal Control Over Compliance

Management of the Housing Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

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

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

*Hankins Ash CPAs, LLP*

La Crosse, Wisconsin  
February 5, 2015



**HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE**  
**Terre Haute, Indiana**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of federal major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.871	Section 8 Choice Vouchers
14.872	Public Housing Capital Fund

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

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Findings - NONE**

**Section III - Federal and State Award Findings and Questioned Costs - NONE**

**Section IV - Status of Prior Year Findings - NONE**