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May 11, 2017

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

We have reviewed the audit report prepared by Hawkins Ash CPAs, Independent Public Accountants, for the period October 1, 2015 to September 30, 2016. 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, 2016 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.

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, 2016

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, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component unit, whose statements reflect total assets of \$14,104,321 as of December 31, 2015, and total revenue of \$932,320 for the year then ended. These financial statements were audited by other auditors, whose report dated March 25, 2016, expressed an unmodified opinion, and our opinion, in so far as it relates to the amounts included for the component unit 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 an opinion 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, 2016, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 6, 2017, 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 6, 2017

**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, 2016

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, 2016. 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 two Tax credit entities - HI I LLC and HI II LLC were dissolved and their units 30 and 35 respectively absorbed by the Terre Haute Housing Development Corporation.
- THHADC assumed the loans of the entities: \$657,314.32 for HI I LLC and \$632,376.02 for HI II LLC. THHADC subsequently paid off the loans, thus saving interest of \$473,634.75.
- Low Income Housing Development Corporation acquired land for \$50,000. The plans are to apply for tax credits and start second phase of Warren Village. LIHDC also paid off the loans for the scattered sites and saved \$35,012.75.
- The mortgage loan for the Central Office at the amount of \$569,497.64 was paid off as well. This saved \$144,992.84 in interest. Therefore, the Housing Authority paid off its entire mortgage notes with the exception of the Warren Village loan.
- 2016 was the first full financial year for Warren Village and it ended successfully with waterfall of \$279,986.77.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
SEPTEMBER 30, 2016

HIGHLIGHTS - Continued

- Housing Authority exhausted completely Capital Fund 2012 and Capital Fund 2013, primarily on Dreiser Square Roofing and HVAC project.
- During Fiscal Year 2016 Housing Authority also replaced roofs for four units in Lockport, three in public housing scattered sites and four at Morton Lewis-McMillan.
- The assets of the Housing Authority exceed its liabilities as of September 30, 2016 by \$26,915,505 (Net Position).
- The Housing Authority's net investment in capital assets as of September 30, 2016 was \$21,661,347
- The Housing Authority's total revenue and contributions for the fiscal year end September 30, 2016 was \$13,268,722
- The Housing Authority's total expenses for the fiscal year end September 30, 2016 were \$11,024,106.

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.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
SEPTEMBER 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued:

ANALYSIS OF FINANCIAL STATEMENTS:

Statement of Net Position

	SEPTEMBER 30		Change
	2016	2015	
Cash and cash equivalents	\$ 5,372,211	\$ 5,729,493	\$ (357,282)
Other current assets	743,547	1,734,979	(991,432)
Net capital assets	22,083,245	19,124,914	2,958,331
Other noncurrent assets	500,000	792,594	(292,594)
Total Assets	<u>\$ 28,699,003</u>	<u>\$ 27,381,980</u>	<u>\$ 1,317,023</u>
Current liabilities	\$ 768,914	\$ 633,415	\$ 135,499
Non-current liabilities	1,783,498	2,578,874	(830,376)
Total Liabilities	<u>\$ 2,552,412</u>	<u>\$ 3,212,289</u>	<u>\$ (694,877)</u>
Net Position			
Net investment in capital assets	\$ 21,661,347	\$ 17,327,451	\$ 4,333,896
Restricted	32,131	49,733	(17,602)
Unrestricted	5,222,027	6,792,507	(1,570,480)
Total Net Position	<u>\$ 26,915,505</u>	<u>\$ 24,169,691</u>	<u>\$ 2,745,814</u>

Current assets decreased by \$1,347,809 or by 18.1 percent. This reflects mainly the decrease in cash due to the planned reduction of debt.

The increase in the noncurrent assets is a result of the acquisition of the 65 properties from HI I and HI II.

The current liabilities category increased due the cut off time at the fiscal year end and the GAAP requirement for accrual of the payments to the contractors for job completed by Sep 30th and receiving the invoice in the month of October. This mainly refers to the big capital project at Dreiser Square.

The non-current liabilities decreased by 32.2% because the Housing Authority paid off the biggest portion of its debt.

The decrease in the restricted asset category can be primarily attributed to higher number of graduations and forfeitures in the family self-sufficiency programs.

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 \$26,915,505 at the close of the year ended September 30, 2016.

For the calendar year 2016, 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-ration 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, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued:

ANALYSIS OF FINANCIAL STATEMENTS - Continued:

Statement of Revenue, Expenses, and Changes in Net Position

	YEAR ENDED		
	SEPTEMBER 30		
	2016	2015	
<u>Revenue and Expenses</u>			
Operating Revenue			
Dwelling rental revenue	\$ 2,528,852	\$ 1,817,967	\$ 710,885
Operating grants	7,430,044	7,474,234	(44,190)
Other income	1,145,735	1,263,307	(117,572)
Total Operating Revenue	<u>\$ 11,104,631</u>	<u>\$ 10,555,508</u>	<u>\$ 549,123</u>
Operating Expenses			
Administrative expenses	\$ 1,485,334	\$ 1,508,938	\$ (23,604)
Tenant services	242,877	304,667	(61,790)
Utilities	1,045,431	1,204,991	(159,560)
Maintenance and operations	2,083,691	1,876,582	207,109
General expenses	534,911	197,894	337,017
Protective services	200,656	367,997	(167,341)
Insurance expenses	356,682	261,871	94,811
Housing assistance payments	3,773,288	3,808,370	(35,082)
Depreciation	1,255,685	1,110,792	144,893
Total Operating Expense	<u>\$ 10,978,555</u>	<u>\$ 10,642,102</u>	<u>\$ 336,453</u>
<u>Nonoperating Revenue and Expenses</u>			
Interest Income	\$ 28,000	\$ 27,383	\$ 617
Gain (loss) on disposition	-	(2,384,545)	2,384,545
Interest expense	(45,551)	(84,179)	38,628
Capital grants	2,136,091	99,627	2,036,464
Total Nonoperating Revenue (Expenses)	<u>\$ 2,118,540</u>	<u>\$ (2,341,714)</u>	<u>\$ 4,460,254</u>
Change in Net Position	<u>\$ 2,244,616</u>	<u>\$ (2,428,308)</u>	<u>\$ 4,672,924</u>

- Tenant rental revenue increased by 39.10% compared to 2015. The variation can be attributed mainly to two factors:
 1. The acquisition of the 65 houses from the Tax Credit entities
 2. Increase of the Section 8 contract rent for Garfield Gardens and Warren Village.
- Utility expenses decreased by 13.2% in general due to the installation of energy efficient windows, furnaces and air conditioners.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
SEPTEMBER 30, 2016

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

Capital Assets

	<u>SEPTEMBER 30</u>		<u>Change</u>
	<u>2016</u>	<u>2015</u>	
Land	\$ 990,076	\$ 767,450	\$ 222,626
Buildings & improvements	50,651,707	45,020,304	5,631,403
Furniture, equipment & machinery	1,094,443	1,026,099	68,344
Accumulated depreciation	(32,628,910)	(27,722,016)	(4,906,894)
Construction in progress	<u>1,975,929</u>	<u>33,077</u>	<u>1,942,852</u>
Capital Assets, net	<u>\$ 22,083,245</u>	<u>\$ 19,124,914</u>	<u>\$ 2,958,331</u>

- Capital Assets - The Housing Authority's capital assets, as of September 30, 2016, totals \$22,083,245 (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 acquisition of Hi I and HI II.
- Additional information regarding capital assets can be found at Note 4 of the notes to the financial statements.

Long-Term Debt

As already mentioned at the end of the current fiscal year, the Housing Authority had eliminated a substantial amount of its outstanding debt, thus saving 652,640.34 in interest.

	<u>SEPTEMBER 30</u>	
	<u>2016</u>	<u>2015</u>
Compensated absences	\$ 72,397	\$ 86,385
Notes payable	921,898	2,570,533
Tenant FSS escrow	<u>106,677</u>	<u>128,462</u>
Capital Assets, net	<u>\$ 1,100,972</u>	<u>\$ 2,785,380</u>

- Additional information regarding long-term debt can be found at Note 5 of the notes to the financial statements.

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. 19th 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	COMPONENT UNIT	TOTAL
<u>ASSETS</u>	SEPTEMBER 30, 2016	DECEMBER 31, 2015	(MEMORANDUM ONLY)
CURRENT ASSETS			
Cash and cash equivalents	\$ 4,990,994	\$ 400,794	\$ 5,391,788
Cash and cash equivalents - restricted			
Tenant security deposits	242,408	21,526	263,934
Other restricted	138,809	253,365	392,174
Receivables			
Tenants, net of allowance for doubtful accounts	104,658	2,641	107,299
Other, net of allowance for doubtful accounts	48,909	-	48,909
Due from other governments	250,922	-	250,922
Inventory	61,881	-	61,881
Prepaid expenses	277,177	25,505	302,682
TOTAL CURRENT ASSETS	6,115,758	703,831	6,819,589
NONCURRENT ASSETS			
Note receivable	500,000	-	500,000
Other asset	-	99,611	99,611
Land	990,076	54,156	1,044,232
Buildings and improvements	50,651,707	12,961,720	63,613,427
Equipment	1,094,443	960,799	2,055,242
Construction in progress	1,975,929	-	1,975,929
Less accumulated depreciation	(32,628,910)	(675,796)	(33,304,706)
TOTAL NONCURRENT ASSETS	22,583,245	13,400,490	35,983,735
TOTAL ASSETS	\$ 28,699,003	\$ 14,104,321	\$ 42,803,324

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

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

	PRIMARY GOVERNMENT	COMPONENT UNIT	TOTAL
<u>LIABILITIES AND NET POSITION</u>	SEPTEMBER 30, 2016	DECEMBER 31, 2015	(MEMORANDUM ONLY)
CURRENT LIABILITIES			
Accounts payable	\$ 41,150	\$ 4,816	\$ 45,966
Accrued payroll and payroll liabilities	83	-	83
Accrued expenses	314,415	31,134	345,549
Compensated absences	56,342	2,861	59,203
Tenants' security deposits	242,408	21,526	263,934
Unearned revenue	9,886	1,181	11,067
Current portion of notes payable	30,046	121,371	151,417
Due to other governments	74,584	-	74,584
TOTAL CURRENT LIABILITIES	768,914	182,889	951,803
NONCURRENT LIABILITIES			
Compensated absences	16,055	-	16,055
Tenants' FSS escrow	106,677	-	106,677
Accrued interest	-	51,028	51,028
Notes payable	891,852	2,066,315	2,958,167
TOTAL NONCURRENT LIABILITIES	1,014,584	2,117,343	3,131,927
TOTAL LIABILITIES	1,783,498	2,300,232	4,083,730
NET POSITION			
Net investment in capital assets	21,661,347	11,113,193	32,774,540
Restricted	32,131	253,365	285,496
Unrestricted	5,222,027	437,531	5,659,558
TOTAL NET POSITION	26,915,505	11,804,089	38,719,594
TOTAL LIABILITIES AND NET POSITION	\$ 28,699,003	\$ 14,104,321	\$ 42,803,324

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

	PRIMARY	COMPONENT	TOTAL (MEMORANDUM ONLY)
	GOVERNMENT	UNIT	
	YEAR ENDED		
	SEPTEMBER 30, 2016	DECEMBER 31, 2015	
OPERATING REVENUE			
Dwelling rental	\$ 2,528,852	\$ 895,792	\$ 3,424,644
Operating grants	7,430,044	-	7,430,044
Other operating revenue	1,145,735	36,463	1,182,198
TOTAL OPERATING REVENUE	<u>11,104,631</u>	<u>932,255</u>	<u>12,036,886</u>
OPERATING EXPENSES			
Administration	1,485,334	284,303	1,769,637
Tenant services	242,877	-	242,877
Utilities	1,045,431	155,091	1,200,522
Maintenance and operations	2,083,691	143,175	2,226,866
General expenses	534,911	55,491	590,402
Protective services	200,656	25,664	226,320
Insurance expense	356,682	17,404	374,086
Housing assistance payments	3,773,288	-	3,773,288
Depreciation and amortization	1,255,685	452,985	1,708,670
TOTAL OPERATING EXPENSES	<u>10,978,555</u>	<u>1,134,113</u>	<u>12,112,668</u>
OPERATING INCOME (LOSS)	<u>126,076</u>	<u>(201,858)</u>	<u>(75,782)</u>
NONOPERATING REVENUE (EXPENSE)			
Interest income	28,000	65	28,065
Interest (expense)	(45,551)	(252,366)	(297,917)
NET NONOPERATING (EXPENSE)	<u>(17,551)</u>	<u>(252,301)</u>	<u>(269,852)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS AND CAPITAL CONTRIBUTIONS	<u>108,525</u>	<u>(454,159)</u>	<u>(345,634)</u>
CAPITAL GRANTS	2,136,091	-	2,136,091
CAPITAL CONTRIBUTIONS	-	11,449,384	11,449,384
TOTAL CAPITAL GRANTS AND CAPITAL CONTRIBUTIONS	<u>2,136,091</u>	<u>11,449,384</u>	<u>13,585,475</u>
CHANGE IN NET POSITION	2,244,616	10,995,225	13,239,841
NET POSITION AT BEGINNING OF YEAR	24,169,691	1,457,822	25,627,513
EQUITY TRANSFER (See Note 10)	501,198	(501,198)	-
PRIOR PERIOD ADJUSTMENTS (See Note 10)	-	(147,760)	(147,760)
NET POSITION AT END OF YEAR	<u>\$ 26,915,505</u>	<u>\$ 11,804,089</u>	<u>\$ 38,719,594</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	COMPONENT	TOTAL (MEMORANDUM ONLY)
	GOVERNMENT	UNIT	
	YEAR ENDED		
	SEPTEMBER 30, 2016	DECEMBER 31, 2015	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from tenants/participants	\$ 2,517,175	\$ 1,041,768	\$ 3,558,943
Cash received from operating grants	7,187,285	-	7,187,285
Other income received	1,452,009	36,463	1,488,472
Cash payments to vendors	(3,547,251)	(638,355)	(4,185,606)
Cash payments to employees	(2,252,960)	-	(2,252,960)
Cash payments for housing assistance	(3,773,288)	-	(3,773,288)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,582,970</u>	<u>439,876</u>	<u>2,022,846</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants	2,136,091	-	2,136,091
Acquisition of capital assets	(2,206,731)	(71,627)	(2,278,358)
Capital contributions	-	11,449,384	11,449,384
Principal payments	(2,644,779)	(11,131,180)	(13,775,959)
Due to affiliates	-	(23,277)	(23,277)
Interest paid	(59,470)	(252,366)	(311,836)
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,774,889)</u>	<u>(29,066)</u>	<u>(2,803,955)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Equity transfer in	<u>53,769</u>	<u>-</u>	<u>53,769</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	28,000	65	28,065
Proceeds from sale of investments	752,868	-	752,868
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>780,868</u>	<u>65</u>	<u>780,933</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(357,282)	410,875	53,593
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,729,493</u>	<u>264,810</u>	<u>5,994,303</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,372,211</u>	<u>\$ 675,685</u>	<u>\$ 6,047,896</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 UNIT	
	YEAR ENDED		
	SEPTEMBER 30, 2016	DECEMBER 31, 2015	TOTAL (MEMORANDUM ONLY)
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>			
Cash and cash equivalents	\$ 4,990,994	\$ 400,794	\$ 5,391,788
Cash and cash equivalents - restricted	381,217	274,891	656,108
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$ 5,372,211	\$ 675,685	\$ 6,047,896
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 126,076	\$ (201,858)	\$ (75,782)
Adjustments to reconcile operating (loss) to net cash provided by operating activities			
Depreciation and amortization	1,255,685	452,985	1,708,670
Forgivable debt reduction	(32,247)	-	(32,247)
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	278,066	147,750	425,816
Due from other governments	(225,412)	-	(225,412)
Inventory	833	-	833
Prepaid expenses	(53,794)	(2,837)	(56,631)
Increase (decrease) in liabilities			
Accounts payable	12,349	16,201	28,550
Accrued liabilities - other	216,801	26,063	242,864
Unearned revenue	(2,206)	(73)	(2,279)
Due to other governments	5,841	-	5,841
Tenants' FSS escrow	(21,785)	-	(21,785)
Tenants' security deposits	22,763	1,645	24,408
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,582,970	\$ 439,876	\$ 2,022,846

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, 2016

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 political subdivision and municipal 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.

In accordance with Statement No. 61, Government Accounting Standards (GASB), 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, Warren Village, and Thirty-Eight 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 identical 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, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

As of January 1, 2016, High-I, LP and High-II, LP were dissolved and taken over by the THHADC. Since High-I, LP and High-II, LP transferred ownership on January 1, 2016, these two entities only have nine months of activity reported in the financial statements. These entities were previously discretely presented component units of the Housing Authority.

The Housing Authority of the City of Terre Haute also has a discretely presented component unit, Warren Village. The entity is shown as discretely presented because the Housing Authority is financially accountable, but they do not have full ownership over the entity. Warren Village consists of 111 housing units. Separate financial statements for the component unit 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), and blended component units.

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, 2016

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. The component unit restricted cash is for required partnership reserves and tenant security deposits.

Accounts Receivable - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts was \$5,444 for Public Housing, \$190,162 for Section 8, and \$5,857 for blended component units at September 30, 2016.

Prepaid Expenses - Prepaid expenses represent payments made by the Housing Authority for which benefits extend beyond September 30, 2016.

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, 2016.

Other Asset - Component Unit - Other asset of the component unit consists of financing costs and tax credit fees of \$110,000 and accumulated amortization of \$10,389.

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, 2016, was \$72,397 and is recorded as a liability in the applicable programs.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

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 period 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 One America.

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.

Construction Projects - There are certain construction projects in progress at September 30, 2016. 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.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

Subsequent Events - The Housing Authority has evaluated subsequent events through February 6, 2017, 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, 2016, the Housing Authority reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 4,990,994
Cash and cash equivalents - restricted	<u>381,217</u>
TOTAL	<u>\$ 5,372,211</u>

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, 2016, 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.

Deposits - The Public Deposit Insurance Fund (PDIF) was created by the Acts of 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by any federal deposit insurance. Each financial institution that the Housing Authority uses is an approved financial institution and is covered under PDIF.

As of September 30, 2016, \$5,028,513 of the Housing Authority's bank balance of \$5,529,959 was exposed to custodial risk as follows:

Uninsured, collateralized by PDIF	<u>\$ 5,028,513</u>
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At December 31, 2015, the Component Unit reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 400,794
Cash and cash equivalents - restricted	<u>274,891</u>
	<u>\$ 675,685</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

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, 2015, 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, 2015, \$0- of the Component Unit's bank balance of \$675,685, was exposed to custodial risk.

NOTE 3 - Note Receivable

At September 30, 2016, the note receivable consisted of:

LIHDC has a note receivable from Warren Village, interest 5.00 percent, principal and interest will be due on December 31, 2042. Interest receivable of \$69,778 is accrued but is considered uncollectible, therefore, an allowance of \$69,778 is also recorded.

\$ 500,000

NOTE 4 - Capital Assets

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

	BALANCES 10/1/15	ADDITIONS	RETIREMENTS	TRANSFERS	BALANCES 9/30/16
<i>Capital assets not being depreciated:</i>					
Land	\$ 767,450	\$ 50,203	\$ -	\$ 172,423	\$ 990,076
Construction in progress	<u>33,077</u>	<u>1,975,929</u>	-	<u>(33,077)</u>	<u>1,975,929</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>800,527</u>	<u>2,026,132</u>	-	<u>139,346</u>	<u>2,966,005</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	45,020,304	156,740	-	5,474,663	50,651,707
Equipment	<u>1,026,099</u>	<u>23,859</u>	-	<u>44,485</u>	<u>1,094,443</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	46,046,403	180,599	-	5,519,148	51,746,150
Less accumulated depreciation	<u>(27,722,016)</u>	<u>(1,255,685)</u>	-	<u>(3,651,209)</u>	<u>(32,628,910)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>18,324,387</u>	<u>(1,075,086)</u>	-	<u>1,867,939</u>	<u>19,117,240</u>
NET CAPITAL ASSETS	<u>\$ 19,124,914</u>	<u>\$ 951,046</u>	<u>\$ -</u>	<u>\$ 2,007,285</u>	<u>\$ 22,083,245</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 4 - Capital Assets - Continued

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

	<u>BALANCE</u> <u>1/1/15</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> <u>12/31/15</u>
<i>Capital assets not being depreciated:</i>					
Land	\$ 226,579	\$ -	\$ -	\$ (172,423)	\$ 54,156
<i>Capital assets being depreciated:</i>					
Buildings and improvements	18,381,277	22,029	-	(5,441,586)	12,961,720
Equipment	<u>1,005,284</u>	<u>-</u>	<u>-</u>	<u>(44,485)</u>	<u>960,799</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	19,386,561	22,029	-	(5,486,071)	13,922,519
Less accumulated depreciation	<u>(3,689,975)</u>	<u>(445,402)</u>	<u>-</u>	<u>3,459,581</u>	<u>(675,796)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>15,696,586</u>	<u>(423,373)</u>	<u>-</u>	<u>(2,026,490)</u>	<u>13,246,723</u>
NET CAPITAL ASSETS	<u>\$ 15,923,165</u>	<u>\$ (423,373)</u>	<u>\$ -</u>	<u>\$ (2,198,913)</u>	<u>\$ 13,300,879</u>

NOTE 5 - Long-Term Obligations

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

Summary of Long-Term Obligations

	<u>BALANCE</u> <u>10/1/15</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>9/30/16</u>	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Compensated absences	\$ 86,385	\$ 84,542	\$ (98,530)	\$ 72,397	\$ 56,342
Notes payable	2,570,533	1,028,391	(2,677,026)	921,898	30,046
Tenants' FSS escrow	<u>128,462</u>	<u>68,885</u>	<u>(90,670)</u>	<u>106,677</u>	<u>-</u>
	<u>\$ 2,785,380</u>	<u>\$ 1,181,818</u>	<u>\$(2,866,226)</u>	<u>\$ 1,100,972</u>	<u>\$ 86,388</u>

At September 30, 2016, long-term debt consists of:

THHADDC has a loan from the City of Terre Haute Department of Redevelopment for 7 properties. The loan is forgivable over a 20-year period at 5 percent each year.	\$ 420,326
THHADDC has a loan from the City of Terre Haute Department of Redevelopment for 19 properties. The loan is forgivable over a 15-year period at 20 percent each year.	1,572
LIHDC loaned Warren Village an AHP loan (Affordable Housing Program) through the Federal Home Loan Bank of Indianapolis by and through its member bank, First Federal Bank, N.A. The interest rate is 5.00 percent, principal and interest will be due December 31, 2035. The loan is secured by a mortgage.	<u>500,000</u>
Less current portion	<u>921,898</u>
TOTAL	<u>\$(30,046)</u>
	<u>\$ 891,852</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 - Long-Term Obligations - Continued

Maturities of Long-Term Debt

Maturities of the long-term debt at September 30, 2016, are:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2017	\$ 30,046	\$ 25,000
2018	28,474	25,000
2019	28,474	25,000
2020	28,474	25,000
2021	28,474	25,000
2022-2026	142,370	125,000
2027-2031	135,586	125,000
2032-2036	500,000	125,000
	<u>\$ 921,898</u>	<u>\$ 500,000</u>

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

Summary of Long-Term Obligations

	<u>BALANCE</u> <u>1/01/15</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>TRANSFERS/ ADJUSTMENTS</u>	<u>BALANCE</u> <u>12/31/15</u>	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Notes payable	\$ 14,050,646	\$ -	\$(10,481,180)	\$ (1,381,780)	\$ 2,187,686	\$ 121,371
Long-term liabilities	650,000	-	(650,000)	-	-	-
	<u>\$ 14,700,646</u>	<u>\$ -</u>	<u>\$(11,131,180)</u>	<u>\$ (1,381,780)</u>	<u>\$ 2,187,686</u>	<u>\$ 121,371</u>

At December 31, 2015, long-term debt consists of:

On September 27, 2015, the construction note payable was paid down to the permanent loan amount and converted to permanent financing. The lender extended the maturity date by 15 years to September 1, 2030, and interest rate on the loan during the extension period was adjusted to 6 percent. There was no accrual interest at December 31, 2015. \$ 1,187,686

Warren Village has a loan from the Indiana Housing and Community Development Authority with interest at 1 percent. Payments on the loan will be made based upon the lesser of \$74,314 or 100 percent of available cash as set forth in the agreement. Annual payments will commence on April 1, 2016. Principal and accrued interest will be due on January 31, 2022. The loan is secured by a mortgage. 500,000

Warren Village has a loan from LIHDC with interest at 5 percent. Principal and accrued interest will be due on December 31, 2042. The loan is secured by a mortgage. 500,000

Less current portion 2,187,686
TOTAL (121,371)
\$ 2,066,315

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 - Long-Term Obligations - Continued

Maturities of Long-Term Debt

Maturities of the long-term debt at December 31, 2015, are:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2016	\$ 121,371	\$ 106,673
2017	125,686	95,978
2018	129,820	91,845
2019	134,173	87,492
2020	138,594	83,073
2021-2025	546,354	338,846
2026-2030	491,688	197,369
2031-2035	-	125,000
2036-2040	-	125,000
2041-2042	500,000	50,000
	<u>\$ 2,187,686</u>	<u>\$ 1,301,276</u>

NOTE 6 - Pension Plan

The Housing Authority provides pension benefits for all its full-time employees through a defined contribution plan, Housing Authority of the City of Terre Haute Pension Trust, administered by One America. The Plan was established and may be amended under IRC Code Section 401(a). 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, 2016, approximated \$1,669,103. The Housing Authority's contributions were calculated using a defined contribution pension plan. For the year ended September 30, 2016, the Housing Authority's portion approximated \$97,479, which has been charged to the employee fringe benefit account.

NOTE 7 - Net Position

The following is a summary of individual net position restrictions of the Housing Authority at September 30, 2016:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Section 8 Choice Vouchers	Future HAP expenditures	<u>\$ 32,131</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 7 - Net Position - Continued

The following is a summary of individual net position restrictions of the Component Unit at December 31, 2015:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Component Unit	Replacement and operating reserves	<u>\$ 253,365</u>

NOTE 8 - 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 9 - Economic Dependency

The Housing Authority received approximately 70 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 10 - Prior Period Adjustment and Equity Transfer

The equity transfer from the discretely presented component unit and primary government is due to the dissolution of High-I, LP and High-II, LP, which were taken over by THHADDC as of January 1, 2016.

The prior period adjustment is due to the timing of the dissolution of High-I, LP and High-II, LP on January 1, 2016 and prior year financial statements of High-I, LP and High-II, LP as of December 31, 2014.

**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, 2016

ASSETS	PUBLIC HOUSING						CAPITAL FUNDS	HOUSING CHOICE VOUCHERS
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
CURRENT ASSETS								
Cash and cash equivalents	\$ 359,864	\$ 198,111	\$ 144,809	\$ 115,602	\$ 227,282	\$ 167,088	\$ -	\$ 80,573
Cash and cash equivalents - restricted								
Tenant security deposits	58,553	23,005	14,520	10,129	31,125	51,037	-	-
Other restricted	-	30,402	2,372	1,411	-	13,805	-	90,819
Receivables								
Tenants, net of allowance for doubtful accounts	2,017	10,306	4,198	6,839	3,137	22,510	-	2,937
Other, net of allowance for doubtful accounts	-	-	-	-	-	-	-	48,715
Due from other governments	-	-	-	-	-	-	237,475	-
Due from other programs	-	-	-	-	-	-	-	-
Inventory	11,649	6,440	5,927	2,547	4,413	3,959	-	-
Prepaid expenses	33,793	33,472	21,466	19,701	18,146	69,322	-	3,329
TOTAL CURRENT ASSETS	<u>465,876</u>	<u>301,736</u>	<u>193,292</u>	<u>156,229</u>	<u>284,103</u>	<u>327,721</u>	<u>237,475</u>	<u>226,373</u>
NONCURRENT ASSETS								
Note receivable	-	-	-	-	-	-	-	-
Land	154,997	172,000	61,483	-	-	200,972	-	-
Buildings and improvements	3,690,080	3,338,809	3,659,985	2,108,233	5,700,369	17,291,556	182,575	-
Equipment	66,928	61,882	105,826	107,538	286,015	101,896	10,664	21,940
Construction in progress	-	-	-	-	-	-	1,975,929	-
Less accumulated depreciation	(3,406,106)	(2,771,412)	(2,156,417)	(1,668,874)	(4,543,771)	(10,925,860)	(5,921)	(10,970)
TOTAL NONCURRENT ASSETS	<u>505,899</u>	<u>801,279</u>	<u>1,670,877</u>	<u>546,897</u>	<u>1,442,613</u>	<u>6,668,564</u>	<u>2,163,247</u>	<u>10,970</u>
TOTAL ASSETS	<u>\$ 971,775</u>	<u>\$ 1,103,015</u>	<u>\$ 1,864,169</u>	<u>\$ 703,126</u>	<u>\$ 1,726,716</u>	<u>\$ 6,996,285</u>	<u>\$ 2,400,722</u>	<u>\$ 237,343</u>

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HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF NET POSITION - Continued
SEPTEMBER 30, 2016

ASSETS	COMPONENT UNITS		ROSS	COCC	SUBTOTAL	ELIMINATING ENTRY	TOTAL
	LIHDC	THHADDC					
CURRENT ASSETS							
Cash and cash equivalents	\$ 2,835,753	\$ 272,789	\$ -	\$ 589,123	\$ 4,990,994	\$ -	\$ 4,990,994
Cash and cash equivalents - restricted							
Tenant security deposits	20,042	33,997	-	-	242,408	-	242,408
Other restricted	-	-	-	-	138,809	-	138,809
Receivables							
Tenants, net of allowance for doubtful accounts	22,346	30,368	-	-	104,658	-	104,658
Other, net of allowance for doubtful accounts	-	-	-	194	48,909	-	48,909
Due from other governments	-	-	13,447	-	250,922	-	250,922
Due from other programs	7,275	-	-	73,583	80,858	(80,858)	-
Inventory	-	-	-	26,946	61,881	-	61,881
Prepaid expenses	18,491	46,209	-	13,248	277,177	-	277,177
TOTAL CURRENT ASSETS	<u>2,903,907</u>	<u>383,363</u>	<u>13,447</u>	<u>703,094</u>	<u>6,196,616</u>	<u>(80,858)</u>	<u>6,115,758</u>
NONCURRENT ASSETS							
Note receivable	500,000	-	-	-	500,000	-	500,000
Land	150,203	237,396	-	13,025	990,076	-	990,076
Buildings and improvements	4,262,205	9,107,596	-	1,310,299	50,651,707	-	50,651,707
Equipment	13,195	78,000	-	240,559	1,094,443	-	1,094,443
Construction in progress	-	-	-	-	1,975,929	-	1,975,929
Less accumulated depreciation	(545,730)	(5,900,084)	-	(693,765)	(32,628,910)	-	(32,628,910)
TOTAL NONCURRENT ASSETS	<u>4,379,873</u>	<u>3,522,908</u>	<u>-</u>	<u>870,118</u>	<u>22,583,245</u>	<u>-</u>	<u>22,583,245</u>
TOTAL ASSETS	<u>\$ 7,283,780</u>	<u>\$ 3,906,271</u>	<u>\$ 13,447</u>	<u>\$ 1,573,212</u>	<u>\$ 28,779,861</u>	<u>\$ (80,858)</u>	<u>\$ 28,699,003</u>

(Continued on page 27)

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF NET POSITON - Continued
SEPTEMBER 30, 2016

LIABILITIES AND NET POSITION	PUBLIC HOUSING						CAPITAL FUNDS	HOUSING CHOICE VOUCHERS
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
CURRENT LIABILITIES								
Accounts payable	\$ 2,269	\$ 1,413	\$ 1,883	\$ 906	\$ 1,030	\$ 5,704	\$ -	\$ 53
Accrued payroll and payroll liabilities	-	-	-	-	-	-	-	-
Accrued expenses	14,846	17,674	8,593	8,669	13,776	2,059	212,025	-
Compensated absences	5,019	3,727	2,467	1,237	2,937	2,655	-	5,873
Tenants' security deposits	58,553	23,005	14,520	10,129	31,125	51,037	-	-
Unearned revenue	1,546	2,367	447	291	1,342	2,142	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Due to other programs	-	-	-	-	-	-	25,450	38,479
Due to other governments	32,540	-	-	-	21,312	20,732	-	-
TOTAL CURRENT LIABILITIES	114,773	48,186	27,910	21,232	71,522	84,329	237,475	44,405
NONCURRENT LIABILITIES								
Compensated absences	1,602	1,053	702	732	1,829	-	-	4,668
Tenants' FSS escrow	-	30,402	2,372	1,411	-	13,804	-	58,688
Notes payable	-	-	-	-	-	-	-	-
TOTAL NONCURRENT LIABILITIES	1,602	31,455	3,074	2,143	1,829	13,804	-	63,356
TOTAL LIABILITIES	116,375	79,641	30,984	23,375	73,351	98,133	237,475	107,761
NET POSITION								
Net investment in capital assets	505,899	801,279	1,670,877	546,897	1,442,613	6,668,564	2,163,247	10,970
Restricted	-	-	-	-	-	-	-	32,131
Unrestricted	349,501	222,095	162,308	132,854	210,752	229,588	-	86,481
TOTAL NET POSITION	855,400	1,023,374	1,833,185	679,751	1,653,365	6,898,152	2,163,247	129,582
TOTAL LIABILITIES AND NET POSITION	\$ 971,775	\$ 1,103,015	\$ 1,864,169	\$ 703,126	\$ 1,726,716	\$ 6,996,285	\$ 2,400,722	\$ 237,343

(Continued on page 28)

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF NET POSITION - Continued
SEPTEMBER 30, 2016

<u>LIABILITIES AND NET POSITION</u>	<u>COMPONENT UNITS</u>				<u>SUBTOTAL</u>	<u>ELIMINATING ENTRY</u>	<u>TOTAL</u>
	<u>LIHDC</u>	<u>THHADC</u>	<u>ROSS</u>	<u>COCC</u>			
CURRENT LIABILITIES							
Accounts payable	\$ 2,225	\$ 16,210	\$ 180	\$ 9,277	\$ 41,150	\$ -	\$ 41,150
Accrued payroll and payroll liabilities	-	-	-	83	83	-	83
Accrued expenses	4,411	1,174	-	31,188	314,415	-	314,415
Compensated absences	2,268	1,756	2,166	26,237	56,342	-	56,342
Tenants' security deposits	20,042	33,997	-	-	242,408	-	242,408
Unearned revenue	819	932	-	-	9,886	-	9,886
Current portion of notes payable	-	30,046	-	-	30,046	-	30,046
Due to other programs	123	402	9,209	7,195	80,858	(80,858)	-
Due to other governments	-	-	-	-	74,584	-	74,584
TOTAL CURRENT LIABILITIES	<u>29,888</u>	<u>84,517</u>	<u>11,555</u>	<u>73,980</u>	<u>849,772</u>	<u>(80,858)</u>	<u>768,914</u>
NONCURRENT LIABILITIES							
Compensated absences	1,098	-	1,892	2,479	16,055	-	16,055
Tenants' FSS escrow	-	-	-	-	106,677	-	106,677
Notes payable	500,000	391,852	-	-	891,852	-	891,852
TOTAL NONCURRENT LIABILITIES	<u>501,098</u>	<u>391,852</u>	<u>1,892</u>	<u>2,479</u>	<u>1,014,584</u>	<u>-</u>	<u>1,014,584</u>
TOTAL LIABILITIES	<u>530,986</u>	<u>476,369</u>	<u>13,447</u>	<u>76,459</u>	<u>1,864,356</u>	<u>(80,858)</u>	<u>1,783,498</u>
NET POSITION							
Net investment in capital assets	3,879,873	3,101,010	-	870,118	21,661,347	-	21,661,347
Restricted	-	-	-	-	32,131	-	32,131
Unrestricted	2,872,921	328,892	-	626,635	5,222,027	-	5,222,027
TOTAL NET POSITION	<u>6,752,794</u>	<u>3,429,902</u>	<u>-</u>	<u>1,496,753</u>	<u>26,915,505</u>	<u>-</u>	<u>26,915,505</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,283,780</u>	<u>\$ 3,906,271</u>	<u>\$ 13,447</u>	<u>\$ 1,573,212</u>	<u>\$ 28,779,861</u>	<u>\$ (80,858)</u>	<u>\$ 28,699,003</u>

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, 2016

	PUBLIC HOUSING						CAPITAL FUNDS	HOUSING CHOICE VOUCHERS
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
OPERATING REVENUE								
Dwelling rental	\$ 505,678	\$ 147,012	\$ 78,109	\$ 91,008	\$ 445,331	\$ 226,920	\$ -	\$ -
Operating grants	583,402	709,854	481,640	264,045	311,293	551,843	-	4,165,973
Other operating revenue	100,066	95,213	252,542	35,104	49,041	208,549	-	63,255
TOTAL OPERATING REVENUE	1,189,146	952,079	812,291	390,157	805,665	987,312	-	4,229,228
OPERATING EXPENSES								
Administration	322,569	185,348	127,148	67,250	186,506	190,627	-	406,414
Tenant services	52,647	41,961	21,626	11,607	34,570	41,162	-	-
Utilities	202,556	215,909	120,454	138,622	232,255	19,604	-	-
Maintenance and operations	301,917	288,608	255,493	65,410	168,773	524,712	-	66,586
General expenses	46,296	42,014	212,099	6,940	33,997	81,128	-	26,392
Insurance expenses	45,364	38,443	32,722	22,015	21,826	80,434	-	8,544
Protective services	24,011	93,014	46,487	532	34,944	944	-	-
Housing assistance payments	-	-	-	-	-	-	-	3,773,288
Depreciation	41,360	51,020	119,685	38,848	117,268	467,057	5,921	4,388
TOTAL OPERATING EXPENSES	1,036,720	956,317	935,714	351,224	830,139	1,405,668	5,921	4,285,612
OPERATING INCOME (LOSS)	152,426	(4,238)	(123,423)	38,933	(24,474)	(418,356)	(5,921)	(56,384)
NONOPERATING REVENUE (EXPENSE)								
Interest income	-	-	-	-	-	-	-	137
Operating transfer in (out)	(180,000)	80,000	100,000	(30,000)	-	30,000	-	-
Interest (expense)	-	-	-	-	-	-	-	-
NET NONOPERATING REVENUE (EXPENSE)	(180,000)	80,000	100,000	(30,000)	-	30,000	-	137
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(27,574)	75,762	(23,423)	8,933	(24,474)	(388,356)	(5,921)	(56,247)
CAPITAL GRANTS	-	-	-	-	-	-	2,136,091	-
CHANGE IN NET POSITION	(27,574)	75,762	(23,423)	8,933	(24,474)	(388,356)	2,130,170	(56,247)
NET POSITION AT BEGINNING OF YEAR	882,974	947,612	1,856,608	670,818	1,677,839	7,286,508	33,077	185,829
EQUITY TRANSFER	-	-	-	-	-	-	-	-
NET POSITION AT END OF YEAR	\$ 855,400	\$ 1,023,374	\$ 1,833,185	\$ 679,751	\$ 1,653,365	\$ 6,898,152	\$ 2,163,247	\$ 129,582

(Continued on page 30)

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, 2016

	COMPONENT UNITS		ROSS	COCC	SUBTOTAL	ELIMINATING ENTRY	TOTAL
	LIHDC	THHADC					
OPERATING REVENUE							
Dwelling rental	\$ 399,209	\$ 635,585	\$ -	\$ -	\$ 2,528,852	\$ -	\$ 2,528,852
Operating grants	234,503	28,474	99,017	-	7,430,044	-	7,430,044
Other operating revenue	346,671	49,378	-	994,878	2,194,697	(1,048,962)	1,145,735
TOTAL OPERATING REVENUE	<u>980,383</u>	<u>713,437</u>	<u>99,017</u>	<u>994,878</u>	<u>12,153,593</u>	<u>(1,048,962)</u>	<u>11,104,631</u>
OPERATING EXPENSES							
Administration	45,382	35,706	95,957	744,109	2,407,016	(921,682)	1,485,334
Tenant services	15,030	19,902	-	4,372	242,877	-	242,877
Utilities	70,871	18,203	-	26,957	1,045,431	-	1,045,431
Maintenance and operations	201,365	302,210	-	35,897	2,210,971	(127,280)	2,083,691
General expenses	13,482	37,695	3,060	31,808	534,911	-	534,911
Insurance expenses	32,330	42,903	-	32,101	356,682	-	356,682
Protective services	692	-	-	32	200,656	-	200,656
Housing assistance payments	-	-	-	-	3,773,288	-	3,773,288
Depreciation	138,084	216,893	-	55,161	1,255,685	-	1,255,685
TOTAL OPERATING EXPENSES	<u>517,236</u>	<u>673,512</u>	<u>99,017</u>	<u>930,437</u>	<u>12,027,517</u>	<u>(1,048,962)</u>	<u>10,978,555</u>
OPERATING INCOME (LOSS)	<u>463,147</u>	<u>39,925</u>	<u>-</u>	<u>64,441</u>	<u>126,076</u>	<u>-</u>	<u>126,076</u>
NONOPERATING REVENUE (EXPENSE)							
Interest income	2,518	25,345	-	-	28,000	-	28,000
Operating transfer in (out)	(1,197,123)	1,197,123	-	-	-	-	-
Interest (expense)	(3,629)	(29,229)	-	(12,693)	(45,551)	-	(45,551)
NET NONOPERATING REVENUE (EXPENSE)	<u>(1,198,234)</u>	<u>1,193,239</u>	<u>-</u>	<u>(12,693)</u>	<u>(17,551)</u>	<u>-</u>	<u>(17,551)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>(735,087)</u>	<u>1,233,164</u>	<u>-</u>	<u>51,748</u>	<u>108,525</u>	<u>-</u>	<u>108,525</u>
CAPITAL GRANTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,136,091</u>	<u>-</u>	<u>2,136,091</u>
CHANGE IN NET POSITION	<u>(735,087)</u>	<u>1,233,164</u>	<u>-</u>	<u>51,748</u>	<u>2,244,616</u>	<u>-</u>	<u>2,244,616</u>
NET POSITION AT BEGINNING OF YEAR	<u>7,487,881</u>	<u>1,695,540</u>	<u>-</u>	<u>1,445,005</u>	<u>24,169,691</u>	<u>-</u>	<u>24,169,691</u>
EQUITY TRANSFER	<u>-</u>	<u>501,198</u>	<u>-</u>	<u>-</u>	<u>501,198</u>	<u>-</u>	<u>501,198</u>
NET POSITION AT END OF YEAR	<u>\$ 6,752,794</u>	<u>\$ 3,429,902</u>	<u>\$ -</u>	<u>\$ 1,496,753</u>	<u>\$ 26,915,505</u>	<u>\$ -</u>	<u>\$ 26,915,505</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

	PUBLIC HOUSING						CAPITAL FUNDS	SECTION 8
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from tenants/participants	\$ 505,996	\$ 142,037	\$ 76,883	\$ 87,085	\$ 448,475	\$ 233,943	\$ -	\$ -
Cash received from interfund services provided	-	-	-	-	-	-	25,450	1,056
Cash received from operating grants	583,402	709,854	481,640	264,045	311,293	551,843	(214,285)	4,165,973
Other income received	100,163	95,819	251,122	35,097	49,213	209,234	-	68,728
Cash payments to vendors	(780,538)	(696,644)	(675,960)	(268,672)	(613,796)	(628,403)	188,835	(246,563)
Cash payments to employees	(215,853)	(199,177)	(140,622)	(42,975)	(96,592)	(362,783)	-	(266,911)
Cash payments for housing assistance	-	-	-	-	-	-	-	(3,773,288)
Cash payments for interfund services used	-	-	-	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>193,170</u>	<u>51,889</u>	<u>(6,937)</u>	<u>74,580</u>	<u>98,593</u>	<u>3,834</u>	<u>-</u>	<u>(51,005)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Capital grants	-	-	-	-	-	-	2,136,091	-
Acquisition of capital assets	-	-	-	-	-	-	(2,136,091)	-
Principal payments	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Equity transfer in (out)	-	-	-	-	-	-	-	-
Operating transfers (out) in	(180,000)	80,000	100,000	(30,000)	-	30,000	-	-
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(180,000)</u>	<u>80,000</u>	<u>100,000</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	-	-	-	-	-	-	-	137
Proceeds from sale of investments	-	-	-	-	-	-	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,170	131,889	93,063	44,580	98,593	33,834	-	(50,868)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>405,247</u>	<u>119,629</u>	<u>68,638</u>	<u>82,562</u>	<u>159,814</u>	<u>198,096</u>	<u>-</u>	<u>222,260</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 418,417</u>	<u>\$ 251,518</u>	<u>\$ 161,701</u>	<u>\$ 127,142</u>	<u>\$ 258,407</u>	<u>\$ 231,930</u>	<u>\$ -</u>	<u>\$ 171,392</u>

(Continued on page 32)

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED SEPTEMBER 30, 2016

	COMPONENT UNITS				ELIMINATING ENTRY	TOTAL
	LIHDC	THHADDC	ROSS	COCC		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants/participants	\$ 384,368	\$ 638,388	\$ -	\$ -	\$ -	\$ 2,517,175
Cash received from interfund services provided	-	-	11,370	-	(37,876)	-
Cash received from operating grants	234,503	-	99,017	-	-	7,187,285
Other income received	563,416	43,502	-	1,084,677	(1,048,962)	1,452,009
Cash payments to vendors	(255,538)	(372,290)	(19,317)	(227,327)	1,048,962	(3,547,251)
Cash payments to employees	(124,035)	(92,430)	(91,070)	(620,512)	-	(2,252,960)
Cash payments for housing assistance	-	-	-	-	-	(3,773,288)
Cash payments for interfund services used	(17,490)	(19,392)	-	(994)	37,876	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>785,224</u>	<u>197,778</u>	<u>-</u>	<u>235,844</u>	<u>-</u>	<u>1,582,970</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants	-	-	-	-	-	2,136,091
Acquisition of capital assets	(63,398)	(7,242)	-	-	-	(2,206,731)
Principal payments	(156,773)	(1,915,975)	-	(572,031)	-	(2,644,779)
Interest paid	(3,629)	(29,229)	-	(26,612)	-	(59,470)
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(223,800)</u>	<u>(1,952,446)</u>	<u>-</u>	<u>(598,643)</u>	<u>-</u>	<u>(2,774,889)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Equity transfer in (out)	-	53,769	-	-	-	53,769
Operating transfers in (out)	(1,197,123)	1,197,123	-	-	-	-
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,197,123)</u>	<u>1,250,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,769</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	2,518	25,345	-	-	-	28,000
Proceeds from sale of investments	-	752,868	-	-	-	752,868
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,518</u>	<u>778,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,868</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(633,181)	274,437	-	(362,799)	-	(357,282)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,488,976</u>	<u>32,349</u>	<u>-</u>	<u>951,922</u>	<u>-</u>	<u>5,729,493</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,855,795</u>	<u>\$ 306,786</u>	<u>\$ -</u>	<u>\$ 589,123</u>	<u>\$ -</u>	<u>\$ 5,372,211</u>

(Continued on page 33)

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED SEPTEMBER 30, 2016

	PUBLIC HOUSING						CAPITAL FUNDS	SECTION 8
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION								
Cash and cash equivalents	\$ 359,864	\$ 198,111	\$ 144,809	\$ 115,602	\$ 227,282	\$ 167,088	\$ -	\$ 80,573
Cash and cash equivalents - restricted	58,553	53,407	16,892	11,540	31,125	64,842	-	90,819
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 418,417</u>	<u>\$ 251,518</u>	<u>\$ 161,701</u>	<u>\$ 127,142</u>	<u>\$ 258,407</u>	<u>\$ 231,930</u>	<u>\$ -</u>	<u>\$ 171,392</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ 152,426	\$ (4,238)	\$(123,423)	\$ 38,933	\$ (24,474)	\$(418,356)	\$ (5,921)	\$ (56,384)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation	41,360	51,020	119,685	38,848	117,268	467,057	5,921	4,388
Forgivable debt reduction	-	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	-	-
Changes in assets and liabilities								
(Increase) decrease in assets								
Accounts receivable	197	(4,595)	(857)	(4,105)	1,418	6,708	-	5,726
Due from other governments	-	-	-	-	-	-	(214,285)	-
Due from other funds	-	-	-	-	-	-	-	-
Inventory	451	2,037	354	(446)	733	(3,959)	-	-
Prepaid expenses	(3,839)	(4,727)	(3,180)	(2,410)	(4,865)	(8,118)	-	(1,055)
Increase (decrease) in liabilities								
Accounts payable	(219)	(1,433)	(277)	297	(1,209)	949	-	(1,601)
Accrued expenses	(1,289)	3,216	1,068	2,021	3,729	(5,662)	188,835	(1,884)
Unearned revenue	97	606	(1,420)	(7)	172	685	-	-
Due to other governments	3,865	-	-	-	4,095	(2,119)	-	-
Due to other funds	-	-	-	-	-	-	25,450	1,056
Tenants' FSS escrow	-	10,383	1,482	1,267	-	(33,666)	-	(1,251)
Tenants' security deposits	121	(380)	(369)	182	1,726	315	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 193,170</u>	<u>\$ 51,889</u>	<u>\$ (6,937)</u>	<u>\$ 74,580</u>	<u>\$ 98,593</u>	<u>\$ 3,834</u>	<u>\$ -</u>	<u>\$ (51,005)</u>

(Continued on page 34)

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED SEPTEMBER 30, 2016

	COMPONENT UNITS		ROSS	COCC	ELIMINATING ENTRY	TOTAL
	LIHDC	THHADDC				
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>						
Cash and cash equivalents	\$ 2,835,753	\$ 272,789	\$ -	\$ 589,123	\$ -	\$ 4,990,994
Cash and cash equivalents - restricted	<u>20,042</u>	<u>33,997</u>	-	-	-	<u>381,217</u>
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 2,855,795</u>	<u>\$ 306,786</u>	<u>\$ -</u>	<u>\$ 589,123</u>	<u>\$ -</u>	<u>\$ 5,372,211</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>						
Operating income (loss)	\$ 463,147	\$ 39,925	\$ -	\$ 64,441	\$ -	\$ 126,076
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	138,084	216,893	-	55,161	-	1,255,685
Forgivable debt reduction	-	(32,247)	-	-	-	(32,247)
Prior period adjustments	-	-	-	-	-	-
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	198,954	(15,179)	-	89,799	-	278,066
Due from other governments	-	-	(11,127)	-	-	(225,412)
Due from other funds	(7,178)	-	-	(8,092)	15,270	-
Inventory	-	-	-	1,663	-	833
Prepaid expenses	(3,598)	(26,170)	-	4,168	-	(53,794)
Increase (decrease) in liabilities						
Accounts payable	1,720	15,544	180	(1,602)	-	12,349
Accrued expenses	1,457	2,525	(423)	23,208	-	216,801
Unearned revenue	(236)	(2,103)	-	-	-	(2,206)
Due to other governments	-	-	-	-	-	5,841
Due to other funds	(10,312)	(19,392)	11,370	7,098	(15,270)	-
Tenants' FSS escrow	-	-	-	-	-	(21,785)
Tenants' security deposits	3,186	17,982	-	-	-	22,763
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 785,224</u>	<u>\$ 197,778</u>	<u>\$ -</u>	<u>\$ 235,844</u>	<u>\$ -</u>	<u>\$ 1,582,970</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
SEPTEMBER 30, 2016

ANNUAL CONTRIBUTIONS CONTRACT

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

	<u>IN36P021501-12</u>
Funds approved	\$ 1,036,913
Funds expended	<u>1,036,913</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 1,036,913
Funds expended	<u>1,036,913</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated May 24, 2016, 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, 2016

ANNUAL CONTRIBUTIONS CONTRACT

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

	<u>IN36P021501-13</u>
Funds approved	\$ 1,001,744
Funds expended	<u>1,001,744</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 1,001,744
Funds expended	<u>1,001,744</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated May 24, 2016, 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, 2016

<u>GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>PASS-THRU GRANT IDENTIF- CATION 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	N/A	\$ 4,089,362	\$ 4,089,362
Other Public Housing Authorities			76,611	76,611
Quadel Section 8 Pass through		IN360033015	234,503	<u>234,503</u>
TOTAL 14.871				<u>4,400,476</u>
Public and Indian Housing	14.850	N/A		
IN021-00000115D			138,772	138,772
IN021-00000116D			444,630	444,630
IN021-00000215D			172,693	172,693
IN021-00000216D			537,161	537,161
IN021-00000315D			111,229	111,229
IN021-00000316D			370,411	370,411
IN021-00000415D			62,972	62,972
IN021-00000416D			201,073	201,073
IN021-00000515D			76,767	76,767
IN021-00000516D			234,526	234,526
IN021-00000615D			127,480	127,480
IN021-00000616D			424,363	<u>424,363</u>
TOTAL 14.850				<u>2,902,077</u>
Public Housing Capital Fund	14.872	N/A		
IN36P021501-12			1,036,913	656,119
IN36P021501-13			1,001,744	1,001,744
IN36P021501-14			1,026,253	<u>478,228</u>
TOTAL 14.872				<u>2,136,091</u>
Family Self Sufficiency Program	14.896	N/A		
IN021FSH233A014			99,166	30,549
IN021FSH463A015			100,000	<u>68,468</u>
TOTAL 14.896				<u>99,017</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 9,537,661</u>

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority of the City of Terre Haute has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - Subrecipients

Housing Authority of the City of Terre Haute provided no federal awards to subrecipients during the fiscal year ended September 30, 2016

NOTE 4 - Disclosure of Other Forms of Assistance

The Housing Authority of the City of Terre Haute received no federal awards of non-monetary assistance that are required to be disclosed for the fiscal year ended September 30, 2016.

The Housing Authority of the City of Terre Haute had no loans or loan guarantees required to be disclosed for the fiscal year ended September 30, 2016.

**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, 2016, 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 6, 2017. Our report includes a reference to other auditors who audited the financial statements of Warren Village, L.P., as described in our report on the Housing Authority of the City of Terre Haute's financial statements. This report does not include the results of the other auditors' testing or internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 Housing Authority'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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of 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 6, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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 OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended September 30, 2016. 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 federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Those standards and the Uniform Guidance 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, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the its major federal programs for the year ended September 30, 2016.

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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
February 6, 2017

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016

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 accordance with 2 CFR 200.516(a)? Yes No

Identification of federal major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.871	Section 8 Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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