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November 14, 2018

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 opined on by Hawkins Ash CPAs, Independent Public Accountants, for the period October 1, 2016 to September 30, 2017. 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, 2017, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

Paul D. Joyce, CPA
State Examiner

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

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

SEPTEMBER 30, 2017

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, 2017, 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 \$13,504,092 as of December 31, 2016, and total revenue of \$902,861 for the year then ended. These financial statements were audited by other auditors, whose report dated February 24, 2017, 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, 2017, 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, statements and certifications of actual modernization costs, and statements and certifications of family self-sufficiency (FSS) 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, statements and certifications of family self-sufficiency (FSS) 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, statements and certifications of family self-sufficiency (FSS) 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 January 22, 2018, 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
January 22, 2018

**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, 2017

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, 2017. 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 Housing Authority completed the HVAC project for Dreiser Square. The entire complex was converted to heat pumps and all air conditioners were replaced. Previously, the complex was heated via different natural gas equipment. Tenants pay their own electricity, the housing authority pays gas. This includes modernization of 256 units. The whole project cost was \$2,268,297.60.
- Housing Authority exhausted completely Capital Fund 2014 and Capital Fund 2015, primarily on Dreiser Square Roofing and HVAC project.
- The Housing Authority submitted tax credit application for Warren Village part 2.
- During Fiscal Year 2017 Housing Authority successfully implemented the non-smoking HUD policy. For this purpose the Housing Authority bought and installed 20 Gazebos at different property locations.
- The Housing Authority signed a contract for the removal and repair of ten roofs in the scattered sites.
- The assets of the Housing Authority exceed its liabilities as of September 30, 2017 by 28,504,863 (Net Position).

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
SEPTEMBER 30, 2017

HIGHLIGHTS - Continued

- The Housing Authority's net investment in capital assets as of September 30, 2017 was \$22,835,749.
- The Housing Authority's total revenue and contributions for the fiscal year end September 30, 2017 was \$12,889,189.
- The Housing Authority's total expenses for the fiscal year end September 30, 2017 were \$11,299,831.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The following financial statements are included in this report:

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

ANALYSIS OF FINANCIAL STATEMENTS:

Statement of Net Position

	<u>SEPTEMBER 30</u>		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Cash and investments	\$ 6,151,909	\$ 5,372,211	\$ 779,698
Other current assets	829,298	743,547	85,751
Net capital assets	22,835,749	22,083,245	752,504
Other noncurrent assets	500,000	500,000	-
Total Assets	<u>\$ 30,316,956</u>	<u>\$ 28,699,003</u>	<u>\$ 1,617,953</u>
Current liabilities	\$ 831,736	\$ 768,914	\$ 62,822
Non-current liabilities	980,357	1,783,498	(803,141)
Total Liabilities	<u>\$ 1,812,093</u>	<u>\$ 2,552,412</u>	<u>\$ (740,319)</u>
Net Position			
Net investment in capital assets	\$ 22,443,897	\$ 21,661,347	\$ 782,550
Restricted	16,533	32,131	(15,598)
Unrestricted	6,044,433	5,222,027	822,406
Total Net Position	<u>\$ 28,504,863</u>	<u>\$ 26,915,505</u>	<u>\$ 1,589,358</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
SEPTEMBER 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued:

Current assets increased by 865,449 or by 14.15%. This change is primarily due to the fact that in fiscal 2017 there has not been such a big outlay of cash as in the previous year, when most of the long term debt was liquidated.

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 decrease in the non-current liabilities is a result of partially paying off the debt of the discretely presented component unit and partially paying the housing development loan.

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 \$28,504,863 at the close of the year ended September 30, 2017.

For the calendar year 2017, 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.

Statement of Revenue, Expenses, and Changes in Net Position

	YEAR ENDED		Change
	SEPTEMBER 30		
	2017	2016	
<u>Revenue and Expenses</u>			
Operating Revenue			
Dwelling rental revenue	\$ 2,572,607	\$ 2,528,852	\$ 43,755
Operating grants	7,543,109	7,430,044	113,065
Other income	908,782	1,145,735	(236,953)
Total Operating Revenue	<u>\$ 11,024,498</u>	<u>\$ 11,104,631</u>	<u>\$ (80,133)</u>
<u>Operating Expenses</u>			
Administrative expenses	\$ 1,628,043	\$ 1,485,334	\$ 142,709
Tenant services	251,676	242,877	8,799
Utilities	1,117,632	1,045,431	72,201
Maintenance and operations	2,078,937	2,083,691	(4,754)
General expenses	458,803	534,911	(76,108)
Protective services	202,819	200,656	2,163
Insurance expenses	354,349	356,682	1,667
Housing assistance payments	3,848,484	3,773,288	75,196
Depreciation	1,309,876	1,255,685	54,191
Total Operating Expense	<u>\$ 11,254,619</u>	<u>\$ 10,978,555</u>	<u>\$ 276,064</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
SEPTEMBER 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued:

	YEAR ENDED		Change
	SEPTEMBER 30		
	2017	2016	
<u>Nonoperating Revenue and Expenses</u>			
Interest Income	\$ 2,271	\$ 28,000	\$ (25,729)
(Loss) on disposition	(45,212)	-	(45,212)
Interest expense	(45,551)	45,551	-
Capital grants	<u>1,862,420</u>	<u>2,136,091</u>	<u>(273,671)</u>
Total Nonoperating Revenue	<u>\$ 1,819,479</u>	<u>\$ 2,118,540</u>	<u>\$ (299,061)</u>
Change in Net Position	<u>\$ 1,589,358</u>	<u>\$ 2,244,616</u>	<u>\$ (655,258)</u>

- Tenant rental revenue is pretty much consistent; the slight increase by 1.73% is due to the increase of the sec. 8 contract rent for Garfield Gardens and Warren Village.
- Utility expenses increased by 6.91% as a result of the higher rates.
- The other income decreased by 20.68%. This is a very broad category in FDS, which includes insurance claims, miscellaneous income, and various types of fees received by the discretely presented and blended component units. In this case the decrease in this category is due to the fact that the developer fee was already paid in its entirety in fiscal year 2016.
- The loss on disposition of capital assets in 2017 is a result of fire in one of the scattered sites houses, which was not fully depreciated.

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

Capital Assets

	SEPTEMBER 30		Change
	2017	2016	
Land	\$ 990,076	\$ 990,076	\$ -
Buildings & improvements	50,904,124	50,651,707	252,417
Furniture, equipment & machinery	1,172,356	1,094,443	77,913
Accumulated depreciation	(33,854,437)	(32,628,910)	(1,225,527)
Construction in progress	<u>3,623,630</u>	<u>1,975,929</u>	<u>1,647,701</u>
Capital Assets, net	<u>\$ 22,835,749</u>	<u>\$ 22,083,245</u>	<u>\$ 752,504</u>

- Capital Assets - The Housing Authority's capital assets, as of September 30, 2017, totals \$22,835,749 (net of accumulated depreciation). Capital assets include land, buildings, improvements, equipment, and construction in progress.
- The increase in Accumulated Depreciation is a result of transferring capital funds 2012 and capital fund 2013 to the AMPs books.
- Additional information regarding capital assets can be found at Note 5 of the notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - Continued
SEPTEMBER 30, 2017

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

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>2017</u>	<u>2016</u>
Compensated absences	\$ 79,265	\$ 72,397
Notes payable	891,852	921,898
Tenant FSS escrow	104,723	106,677
Capital Assets, net	<u>\$ 1,075,840</u>	<u>\$ 1,100,972</u>

- Additional information regarding long-term debt can be found at Note 6 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

<u>ASSETS</u>	<u>PRIMARY GOVERNMENT SEPTEMBER 30, 2017</u>	<u>COMPONENT UNIT DECEMBER 31, 2016</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,779,067	\$ 204,079	\$ 3,983,146
Cash and cash equivalents - restricted			
Tenant security deposits	251,587	22,902	274,489
Other restricted	121,255	287,959	409,214
Investments	2,000,000	-	2,000,000
Receivables			
Tenants, net of allowance for doubtful accounts	137,735	5,395	143,130
Other, net of allowance for doubtful accounts	59,266	-	59,266
Due from other governments	273,009	15,674	288,683
Inventory	53,516	-	53,516
Prepaid expenses	305,772	26,543	332,315
TOTAL CURRENT ASSETS	<u>6,981,207</u>	<u>562,552</u>	<u>7,543,759</u>
NONCURRENT ASSETS			
Note receivable	500,000	-	500,000
Other asset	-	84,028	84,028
Land	990,076	54,156	1,044,232
Buildings and improvements	50,904,124	12,964,435	63,868,559
Equipment	1,172,356	960,799	2,133,155
Construction in progress	3,623,630	-	3,623,630
Less accumulated depreciation	<u>(33,854,437)</u>	<u>(1,121,878)</u>	<u>(34,976,315)</u>
TOTAL NONCURRENT ASSETS	<u>23,335,749</u>	<u>12,941,540</u>	<u>36,277,289</u>
 TOTAL ASSETS	 <u>\$ 30,316,956</u>	 <u>\$ 13,504,092</u>	 <u>\$ 43,821,048</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 NET POSITION - Continued

	PRIMARY GOVERNMENT <u>SEPTEMBER 30,</u> 2017	COMPONENT UNIT <u>DECEMBER 31,</u> 2016	TOTAL (MEMORANDUM ONLY) <u>ONLY)</u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 37,280	\$ 3,762	\$ 41,042
Accrued payroll and payroll liabilities	68,689	-	68,689
Accrued expenses	309,392	30,873	340,265
Compensated absences	67,009	2,187	69,196
Tenants' security deposits	251,587	22,902	274,489
Unearned revenue	8,301	950	9,251
Current portion of notes payable	28,474	123,555	152,029
Due to other governments	61,004	-	61,004
TOTAL CURRENT LIABILITIES	<u>831,736</u>	<u>184,229</u>	<u>1,015,965</u>
NONCURRENT LIABILITIES			
Compensated absences	12,256	-	12,256
Tenants' FSS escrow	104,723	-	104,723
Accrued interest	-	76,028	76,028
Notes payable	863,378	1,940,347	2,803,725
TOTAL NONCURRENT LIABILITIES	<u>980,357</u>	<u>2,016,375</u>	<u>2,996,732</u>
TOTAL LIABILITIES	<u>1,812,093</u>	<u>2,200,604</u>	<u>4,012,697</u>
NET POSITION			
Net investment in capital assets	22,443,897	10,793,610	33,237,507
Restricted	16,533	287,959	304,492
Unrestricted	6,044,433	221,919	6,266,352
TOTAL NET POSITION	<u>28,504,863</u>	<u>11,303,488</u>	<u>39,808,351</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 30,316,956</u>	<u>\$ 13,504,092</u>	<u>\$ 43,821,048</u>

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, 2017	DECEMBER 31, 2016	
OPERATING REVENUE			
Dwelling rental	\$ 2,572,607	\$ 869,597	\$ 3,442,204
Operating grants	7,543,109	-	7,543,109
Other operating revenue	908,782	32,968	941,750
TOTAL OPERATING REVENUE	<u>11,024,498</u>	<u>902,565</u>	<u>11,927,063</u>
OPERATING EXPENSES			
Administration	1,628,043	159,198	1,787,241
Tenant services	251,676	-	251,676
Utilities	1,117,632	164,489	1,282,121
Maintenance and operations	2,078,937	135,639	2,214,576
General expenses	458,803	64,399	523,202
Insurance expense	358,349	101,034	459,383
Protective services	202,819	-	202,819
Housing assistance payments	3,848,484	-	3,848,484
Depreciation and amortization	1,309,876	452,815	1,762,691
TOTAL OPERATING EXPENSES	<u>11,254,619</u>	<u>1,077,574</u>	<u>12,332,193</u>
OPERATING (LOSS)	<u>(230,121)</u>	<u>(175,009)</u>	<u>(405,130)</u>
NONOPERATING REVENUE (EXPENSE)			
Interest income	2,271	296	2,567
(Loss) on disposition of capital assets	(45,212)	-	(45,212)
Interest (expense)	-	(101,666)	(101,666)
NET NONOPERATING (EXPENSE)	<u>(42,941)</u>	<u>(101,370)</u>	<u>(144,311)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS AND CAPITAL CONTRIBUTIONS	<u>(273,062)</u>	<u>(276,379)</u>	<u>(549,441)</u>
CAPITAL GRANTS	1,862,420	-	1,862,420
CAPITAL CONTRIBUTIONS	-	55,765	55,765
TOTAL CAPITAL GRANTS AND CAPITAL CONTRIBUTIONS	<u>1,862,420</u>	<u>55,765</u>	<u>1,918,185</u>
CHANGE IN NET POSITION	1,589,358	(220,614)	1,368,744
NET POSITION AT BEGINNING OF YEAR	26,915,505	11,804,089	38,719,594
OWNERS DISTRIBUTION	-	(279,987)	(279,987)
NET POSITION AT END OF YEAR	<u>\$ 28,504,863</u>	<u>\$ 11,303,488</u>	<u>\$ 39,808,351</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, 2017	DECEMBER 31, 2016	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from tenants/participants	\$ 2,551,345	\$ 871,133	\$ 3,422,478
Cash received from operating grants	7,495,408	-	7,495,408
Other income received	910,074	32,968	943,042
Cash payments to vendors	(4,040,425)	(625,931)	(4,666,356)
Cash payments to employees	(2,045,319)	-	(2,045,319)
Cash payments for housing assistance	(3,848,484)	-	(3,848,484)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,022,599</u>	<u>278,170</u>	<u>1,300,769</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants	1,862,420	-	1,862,420
Acquisition of capital assets	(2,108,592)	(2,715)	(2,111,307)
Proceeds from sale of capital assets	1,000	-	1,000
Capital contributions	-	55,765	55,765
Principal payments	-	(115,534)	(115,534)
Due to affiliates	-	(15,674)	(15,674)
Distributions	-	(279,987)	(279,987)
Interest paid	-	(81,066)	(81,066)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(245,172)</u>	<u>(439,211)</u>	<u>(684,383)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	2,271	296	2,567
Purchase of investments	(2,000,000)	-	(2,000,000)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(1,997,729)</u>	<u>296</u>	<u>(1,997,433)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,220,302)	(160,745)	(1,381,047)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,372,211</u>	<u>675,685</u>	<u>6,047,896</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,151,909</u>	<u>\$ 514,940</u>	<u>\$ 4,666,849</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, 2017	DECEMBER 31, 2016	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	\$ 3,779,067	\$ 204,079	\$ 3,983,146
Cash and cash equivalents - restricted	372,842	310,861	683,703
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$ 4,151,909	\$ 514,940	\$ 4,666,849
<u>RECONCILIATION OF (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating (loss)	\$ (230,121)	\$ (175,009)	\$ (405,130)
Adjustments to reconcile operating (loss) to net cash provided by operating activities			
Depreciation and amortization	1,309,876	452,815	1,762,691
Forgivable debt reduction	(30,046)	-	(30,046)
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(43,434)	(2,754)	(46,188)
Due from other governments	(22,087)	-	(22,087)
Inventory	8,365	-	8,365
Prepaid expenses	(28,595)	(1,038)	(29,633)
(Decrease) increase in liabilities			
Accounts payable	(3,871)	(13,829)	(17,700)
Accrued liabilities - other	19,761	17,514	37,275
Accrued payroll	50,691	(674)	50,017
Unearned revenue	(1,585)	(231)	(1,816)
Due to other governments	(13,580)	-	(13,580)
Tenants' FSS escrow	(1,954)	-	(1,954)
Tenants' security deposits	9,179	1,376	10,555
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,022,599	\$ 278,170	\$ 1,300,769

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, 2017

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, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

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.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

Accounts Receivable - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts was \$7,390 for Public Housing, \$202,056 for Section 8, and \$7,295 for blended component units at September 30, 2017.

Prepaid Expenses - Prepaid expenses represent payments made by the Housing Authority for which benefits extend beyond September 30, 2017.

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, 2017.

Other Asset - Component Unit - Other asset of the component unit consists of tax credit application fees of \$101,000 and accumulated amortization of \$16,972.

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, 2017, was \$79,265 and is recorded as a liability in the applicable programs.

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.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

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, 2017. 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.

Subsequent Events - The Housing Authority has evaluated subsequent events through January 22, 2018, the date which the financial statements were available to be issued.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

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, 2017, the Housing Authority reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 3,779,067
Cash and cash equivalents - restricted	<u>372,842</u>
TOTAL	<u>\$ 4,151,909</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, 2017, 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, 2017, \$4,186,624 of the Housing Authority's bank balance of \$4,445,957 was exposed to custodial risk as follows:

Uninsured, collateralized by PDIF	<u>\$ 4,186,624</u>
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At December 31, 2016, the Component Unit reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 204,079
Cash and cash equivalents - restricted	<u>310,861</u>
	<u>\$ 514,940</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.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 2 - Cash and Cash Equivalents - Continued

Fair Value of Deposits - Deposits are reported at fair value. At December 31, 2016, 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, 2016, \$0- of the Component Unit's bank balance of \$514,940, was exposed to custodial risk.

NOTE 3 - Investments

HUD Deposit Restrictions - HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Housing Authority with an unaffiliated bank or trust company for the account of the Housing Authority.

As of September 30, 2017, the Housing Authority had the following investments:

	<u>Maturity Date</u>	<u>Fair Market Value</u>
Investments:		
Certificate of Deposits	Due within a year	<u>\$2,000,000</u>

Determining Fair Value - The Housing Authority categorizes its fair value measurements with in the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The Housing Authority has the following recurring fair value measurement:

- 1) Certificates of deposits values are determined based on published market quotations (level 1 inputs).

Custodial Credit Risk - For an investment, the custodial credit risk is that, in the event of the failure of the counterparty to a transaction, the Housing Authority will not be able to recover the value of its investments that are in the possession of another party. The Housing Authority's custodial credit risk policy is to require all securities purchased to be made in such a manner that the securities are at all times insured, registered in the Housing Authority's name, or in the possession of the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 3 - Investments - Continued

As of September 30, 2017, \$1,751,445 of the Housing Authority's investment bank balance of \$2,000,000 was exposed to custodial risk as follows:

Uninsured, collateralized by PDIF **\$1,751,445**

NOTE 4 - Note Receivable

At September 30, 2017, 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 \$94,778 is accrued but is considered uncollectible, therefore, an allowance of \$94,778 is also recorded. **\$ 500,000**

NOTE 5 - Capital Assets

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

	BALANCES 10/1/16	ADDITIONS	RETIREMENTS	BALANCES 9/30/17
<i>Capital assets not being depreciated:</i>				
Land	\$ 990,076	\$ -	\$ -	\$ 990,076
Construction in progress	<u>1,975,929</u>	<u>1,647,701</u>	-	<u>3,623,630</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>2,966,005</u>	<u>1,647,701</u>	-	<u>4,613,706</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	50,651,707	372,980	(120,563)	50,904,124
Equipment	<u>1,094,443</u>	<u>87,911</u>	<u>(9,998)</u>	<u>1,172,356</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	51,746,150	460,891	(130,561)	52,076,480
Less accumulated depreciation	<u>(32,628,910)</u>	<u>(1,309,876)</u>	<u>84,349</u>	<u>(33,854,437)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>19,117,240</u>	<u>(848,958)</u>	<u>(46,212)</u>	<u>18,222,043</u>
NET CAPITAL ASSETS	<u>\$ 22,083,245</u>	<u>\$ 798,716</u>	<u>\$ (46,212)</u>	<u>\$ 22,835,749</u>

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

	BALANCES 1/1/16	ADDITIONS	RETIREMENTS	BALANCES 12/31/16
<i>Capital assets not being depreciated:</i>				
Land	\$ 54,156	\$ -	\$ -	\$ 54,156
<i>Capital assets being depreciated:</i>				
Buildings and improvements	12,961,720	2,715	-	12,964,435
Equipment	<u>960,799</u>	-	-	<u>960,799</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	13,922,519	2,715	-	13,925,234
Less accumulated depreciation	<u>(675,796)</u>	<u>(446,082)</u>	-	<u>(1,121,878)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	<u>13,246,723</u>	<u>(443,367)</u>	-	<u>12,803,356</u>
NET CAPITAL ASSETS	<u>\$ 13,300,879</u>	<u>\$ (443,367)</u>	<u>\$ -</u>	<u>\$ 12,857,512</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 6 - Long-Term Obligations

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

Summary of Long-Term Obligations

	BALANCE <u>10/1/16</u>	ADDITIONS	REDUCTIONS	BALANCE <u>9/30/17</u>	AMOUNT DUE WITHIN <u>ONE YEAR</u>
Compensated absences	\$ 72,397	\$ 83,965	\$ (77,097)	\$ 79,265	\$ 67,009
Notes payable	921,898	-	(30,046)	891,852	28,474
Tenants' FSS escrow	<u>106,677</u>	<u>61,498</u>	<u>(63,452)</u>	<u>104,723</u>	-
	<u>\$ 1,100,972</u>	<u>\$ 145,463</u>	<u>\$ (170,595)</u>	<u>\$ 1,075,840</u>	<u>\$ 95,483</u>

At September 30, 2017, notes payable consists of:

THHADC 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.	\$ 391,852
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. Forgivable after 15 years of compliance, compliance period ends August 2029. The loan is secured by a mortgage.	<u>500,000</u>
Less current portion	891,852
TOTAL	<u>(28,474)</u>
	<u>\$ 863,378</u>

Maturities of Long-Term Debt

Maturities of the long-term debt at September 30, 2017, are:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2018	\$ 28,474	\$ -
2019	28,474	-
2020	28,474	-
2021	28,474	-
2022	28,474	-
2023-2027	142,370	-
2028-2031	<u>607,112</u>	-
	<u>\$ 891,852</u>	<u>\$ -</u>

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

Summary of Long-Term Obligations

	BALANCE <u>1/01/16</u>	ADDITIONS	REDUCTIONS	BALANCE <u>12/31/16</u>	AMOUNT DUE WITHIN <u>ONE YEAR</u>
Notes payable	<u>\$ 2,187,686</u>	<u>\$ -</u>	<u>\$ (115,534)</u>	<u>\$ 2,072,152</u>	<u>\$ 123,555</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 6 - Long-Term Obligations - Continued

At December 31, 2016, note payable 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, 2016.	\$ 1,135,022
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.	437,130
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
	2,072,152
Less unamortized debt issuance costs	(8,250)
Less current portion	(123,555)
TOTAL	\$ 1,940,347

Maturities of Long-Term Debt

Maturities of the long-term debt at December 31, 2016, are:

YEARS	PRINCIPAL	INTEREST
2017	\$ 123,555	\$ 95,978
2018	129,755	91,845
2019	134,108	87,492
2020	138,527	83,073
2021	143,512	78,088
2022-2026	507,010	312,648
2027-2031	395,685	170,479
2032-2036	-	125,000
2037-2041	-	125,000
2042	500,000	25,000
	\$ 2,072,152	\$ 1,194,603

NOTE 7 - 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.

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 SEPTEMBER 30, 2017

NOTE 7 - Pension 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, 2017, approximated \$1,538,964. The Housing Authority's contributions were calculated using a defined contribution pension plan. For the year ended September 30, 2017, the Housing Authority's portion approximated \$100,586, which has been charged to the employee fringe benefit account.

NOTE 8 - Net Position

The following is a summary of individual net position restrictions of the Housing Authority at September 30, 2017:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Section 8 Choice Vouchers	Future HAP expenditures	<u>\$ 16,533</u>

The following is a summary of individual net position restrictions of the Component Unit at December 31, 2016:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Component Unit	Replacement and operating reserves	<u>\$ 287,959</u>

NOTE 9 - Risk Management

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

NOTE 10 - Economic Dependency

The Housing Authority received approximately 73 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.

**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, 2017

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	\$ 336,875	\$ 248,469	\$ 208,777	\$ 113,921	\$ 223,992	\$ 203,781	\$ -	\$ 1,895
Cash and cash equivalents - restricted								
Tenant security deposits	61,064	21,858	14,346	12,704	30,642	49,804	-	-
Other restricted	-	32,664	1,517	5,169	-	9,508	-	72,397
Investments	-	-	-	-	-	-	-	-
Receivables								
Tenants, net of allowance for doubtful accounts	4,564	14,792	6,880	3,012	7,096	30,163	-	5,573
Other, net of allowance for doubtful accounts	-	-	-	-	500	-	-	58,266
Due from other governments	-	-	-	-	23,724	-	226,830	6,148
Due from other programs	-	-	-	-	-	-	-	-
Inventory	5,763	8,012	4,058	-	6,304	2,298	-	-
Prepaid expenses	40,334	39,389	23,999	26,219	17,685	78,537	-	3,098
TOTAL CURRENT ASSETS	448,600	365,184	259,577	161,025	309,943	374,091	226,830	147,377
NONCURRENT ASSETS								
Note receivable	-	-	-	-	-	-	-	-
Land	154,997	172,000	61,483	-	-	200,972	-	-
Buildings and improvements	3,703,804	3,355,786	3,708,909	2,134,833	5,740,289	17,374,193	168,939	-
Equipment	70,678	61,882	105,826	107,538	299,303	101,896	71,230	21,940
Construction in progress	1,523,151	-	-	-	-	-	2,100,479	-
Less accumulated depreciation	(3,448,421)	(2,824,160)	(2,280,375)	(1,709,174)	(4,659,364)	(11,311,381)	(13,468)	(15,358)
TOTAL NONCURRENT ASSETS	2,004,209	765,508	1,595,843	533,197	1,380,228	6,365,680	2,327,180	6,582
TOTAL ASSETS	\$ 2,452,809	\$ 1,130,692	\$ 1,855,420	\$ 694,222	\$ 1,690,171	\$ 6,739,771	\$ 2,554,010	\$ 153,959

(Continued on page 26)

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF NET POSITION - Continued
SEPTEMBER 30, 2017

ASSETS	COMPONENT UNITS		ROSS	COCC	SUBTOTAL	ELIMINATING ENTRY	TOTAL
	LIHDC	THHADDC					
CURRENT ASSETS							
Cash and cash equivalents	\$ 1,223,987	\$ 529,674	\$ -	\$ 687,696	\$ 3,779,067	\$ -	\$ 3,779,067
Cash and cash equivalents - restricted							
Tenant security deposits	22,895	38,274	-	-	251,587	-	251,587
Other restricted	-	-	-	-	121,255	-	121,255
Investments	2,000,000	-	-	-	2,000,000	-	2,000,000
Receivables							
Tenants, net of allowance for doubtful accounts	11,408	54,247	-	-	137,735	-	137,735
Other, net of allowance for doubtful accounts	-	-	-	500	59,266	-	59,266
Due from other governments	-	-	16,307	-	273,009	-	273,009
Due from other programs	12,577	1,016	-	11,681	25,274	(25,274)	-
Inventory	-	-	-	27,081	53,516	-	53,516
Prepaid expenses	20,713	42,540	-	13,258	305,772	-	305,772
TOTAL CURRENT ASSETS	3,291,580	665,751	16,307	740,216	7,006,481	(25,274)	6,981,207
NONCURRENT ASSETS							
Note receivable	500,000	-	-	-	500,000	-	500,000
Land	150,203	237,396	-	13,025	990,076	-	990,076
Buildings and improvements	4,282,165	9,124,907	-	1,310,299	50,904,124	-	50,904,124
Equipment	18,503	78,000	-	235,560	1,172,356	-	1,172,356
Construction in progress	-	-	-	-	3,623,630	-	3,623,630
Less accumulated depreciation	(684,828)	(6,165,517)	-	(742,391)	(33,854,437)	-	(33,854,437)
TOTAL NONCURRENT ASSETS	4,266,043	3,274,786	-	816,493	23,335,749	-	23,335,749
TOTAL ASSETS	\$ 7,557,623	\$ 3,940,537	\$ 16,307	\$ 1,556,709	\$ 30,342,230	\$ (25,274)	\$ 30,316,956

(Continued on page 27)

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF NET POSITON - Continued
SEPTEMBER 30, 2017

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	\$ 1,336	\$ 9,367	\$ 3,381	\$ 449	\$ 5,023	\$ 3,695	\$ -	\$ 366
Accrued payroll and payroll liabilities	5,610	7,229	4,780	1,374	3,080	7,996	-	8,311
Accrued expenses	10,880	13,348	10,341	7,862	11,047	3,886	226,830	-
Compensated absences	3,157	5,524	3,630	1,139	2,376	3,996	-	6,243
Tenants' security deposits	61,064	21,858	14,346	12,704	30,642	49,804	-	-
Unearned revenue	905	1,088	1,094	376	1,229	1,989	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Due to other programs	-	-	-	-	-	-	-	1,895
Due to other governments	27,963	-	-	-	17,408	15,633	-	-
TOTAL CURRENT LIABILITIES	110,915	58,414	37,572	23,904	70,805	86,999	226,830	16,815
NONCURRENT LIABILITIES								
Compensated absences	-	524	332	549	1,213	1,715	-	4,406
Tenants' FSS escrow	-	32,665	1,517	5,169	-	9,508	-	55,864
Notes payable	-	-	-	-	-	-	-	-
TOTAL NONCURRENT LIABILITIES	-	33,189	1,849	5,718	1,213	11,223	-	60,270
TOTAL LIABILITIES	110,915	91,603	39,421	29,622	72,018	98,222	226,830	77,085
NET POSITION								
Net investment in capital assets	2,004,209	765,508	1,595,843	533,197	1,380,228	6,365,680	2,327,180	6,582
Restricted	-	-	-	-	-	-	-	16,533
Unrestricted	337,685	273,581	220,156	131,403	237,925	275,869	-	53,759
TOTAL NET POSITION	2,341,894	1,039,089	1,815,999	664,600	1,618,153	6,641,549	2,327,180	76,874
TOTAL LIABILITIES AND NET POSITION	\$ 2,452,809	\$ 1,130,692	\$ 1,855,420	\$ 694,222	\$ 1,690,171	\$ 6,739,771	\$ 2,554,010	\$ 153,959

(Continued on page 28)

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF NET POSITION - Continued
SEPTEMBER 30, 2017

<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	\$ 720	\$ 4,110	\$ -	\$ 8,833	\$ 37,280	\$ -	\$ 37,280
Accrued payroll and payroll liabilities	3,455	5,389	2,998	18,467	68,689	-	68,689
Accrued expenses	4,479	2,718	-	18,001	309,392	-	309,392
Compensated absences	2,027	2,437	2,613	33,867	67,009	-	67,009
Tenants' security deposits	22,895	38,274	-	-	251,587	-	251,587
Unearned revenue	1,127	493	-	-	8,301	-	8,301
Current portion of notes payable	-	28,474	-	-	28,474	-	28,474
Due to other programs	-	-	9,786	13,593	25,274	(25,274)	-
Due to other governments	-	-	-	-	61,004	-	61,004
TOTAL CURRENT LIABILITIES	<u>34,703</u>	<u>81,895</u>	<u>15,397</u>	<u>92,761</u>	<u>857,010</u>	<u>(25,274)</u>	<u>831,736</u>
NONCURRENT LIABILITIES							
Compensated absences	1,017	1,089	910	501	12,256	-	12,256
Tenants' FSS escrow	-	-	-	-	104,723	-	104,723
Notes payable	500,000	363,378	-	-	863,378	-	863,378
TOTAL NONCURRENT LIABILITIES	<u>501,017</u>	<u>364,467</u>	<u>910</u>	<u>501</u>	<u>980,357</u>	<u>-</u>	<u>980,357</u>
TOTAL LIABILITIES	<u>535,720</u>	<u>446,362</u>	<u>16,307</u>	<u>93,262</u>	<u>1,837,367</u>	<u>(25,274)</u>	<u>1,812,093</u>
NET POSITION							
Net investment in capital assets	3,766,043	2,882,934	-	816,493	22,443,897	-	22,443,897
Restricted	-	-	-	-	16,533	-	16,533
Unrestricted	3,255,860	611,241	-	646,954	6,044,433	-	6,044,433
TOTAL NET POSITION	<u>7,021,903</u>	<u>3,494,175</u>	<u>-</u>	<u>1,463,447</u>	<u>28,504,863</u>	<u>-</u>	<u>28,504,863</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,557,623</u>	<u>\$ 3,940,537</u>	<u>\$ 16,307</u>	<u>\$ 1,556,709</u>	<u>\$ 30,342,230</u>	<u>\$ (25,274)</u>	<u>\$ 30,316,956</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, 2017

	PUBLIC HOUSING						CAPITAL FUNDS	HOUSING CHOICE VOUCHERS
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6		
OPERATING REVENUE								
Dwelling rental	\$ 447,762	\$ 181,638	\$ 111,885	\$ 93,565	\$ 437,569	\$ 179,373	\$ -	\$ -
Operating grants	571,569	758,339	512,488	279,142	289,604	544,792	-	4,207,484
Other operating revenue	100,921	138,397	52,193	40,825	49,442	219,376	-	58,611
TOTAL OPERATING REVENUE	1,120,252	1,078,374	676,566	413,532	776,615	943,541	-	4,266,095
OPERATING EXPENSES								
Administration	312,052	211,648	129,389	68,250	193,584	202,171	-	375,351
Tenant services	50,917	52,321	21,715	15,452	32,544	37,280	-	-
Utilities	193,980	209,493	149,445	138,877	263,898	25,243	-	-
Maintenance and operations	274,529	365,910	234,617	73,935	185,679	435,767	-	60,992
General expenses	40,668	129,096	30,665	16,085	27,600	81,347	-	23,365
Insurance expenses	41,322	43,040	26,187	23,808	22,280	82,824	-	6,313
Protective services	24,850	93,380	46,700	576	26,814	328	-	-
Housing assistance payments	-	-	-	-	-	-	-	3,848,484
Depreciation	41,661	51,616	122,573	39,413	118,036	462,247	13,327	4,388
TOTAL OPERATING EXPENSES	979,979	1,156,504	761,291	376,396	870,435	1,327,207	13,327	4,318,893
OPERATING INCOME (LOSS)	140,273	(78,130)	(84,725)	37,136	(93,820)	(383,666)	(13,327)	(52,798)
NONOPERATING REVENUE (EXPENSE)								
Interest income	-	-	-	-	-	-	-	90
(Loss) on disposition of capital assets	-	-	-	-	(1,041)	(43,130)	-	-
Operating transfer (out) in	(190,000)	78,000	20,000	(78,000)	50,000	120,000	-	-
NET NONOPERATING (EXPENSE) REVENUE	(190,000)	78,000	20,000	(78,000)	48,959	76,870	-	90
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(49,727)	(130)	(64,725)	(40,864)	(44,861)	(306,796)	(13,327)	(52,708)
CAPITAL GRANTS	-	-	-	-	-	-	1,862,420	-
CHANGE IN NET POSITION	(49,727)	(130)	(64,725)	(40,864)	(44,861)	(306,796)	1,849,093	(52,708)
NET POSITION AT BEGINNING OF YEAR	855,400	1,023,374	1,833,185	679,751	1,653,365	6,898,152	2,163,247	129,582
RESIDUAL EQUITY TRANSFER IN (OUT)	1,536,221	15,845	47,539	25,713	9,649	50,193	(1,685,160)	-
NET POSITION AT END OF YEAR	\$ 2,341,894	\$ 1,039,089	\$ 1,815,999	\$ 664,600	\$ 1,618,153	\$ 6,641,549	\$ 2,327,180	\$ 76,874

(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, 2017

	COMPONENT UNITS		ROSS	COCC	SUBTOTAL	ELIMINATING ENTRY	TOTAL
	LIHDC	THHADDC					
OPERATING REVENUE							
Dwelling rental	\$ 405,443	\$ 715,372	\$ -	\$ -	\$ 2,572,607	\$ -	\$ 2,572,607
Operating grants	246,735	28,474	104,482	-	7,543,109	-	7,543,109
Other operating revenue	119,296	59,108	-	932,032	1,770,201	(861,419)	908,782
TOTAL OPERATING REVENUE	<u>771,474</u>	<u>802,954</u>	<u>104,482</u>	<u>932,032</u>	<u>11,885,917</u>	<u>(861,419)</u>	<u>11,024,498</u>
OPERATING EXPENSES							
Administration	51,488	56,846	101,199	787,484	2,489,462	(861,419)	1,628,043
Tenant services	13,839	24,287	-	3,321	251,676	-	251,676
Utilities	80,287	26,189	-	30,220	1,117,632	-	1,117,632
Maintenance and operations	145,163	268,319	-	34,026	2,078,937	-	2,078,937
General expenses	30,494	43,841	3,283	32,359	458,803	-	458,803
Insurance expenses	34,284	53,872	-	24,419	358,349	-	358,349
Protective services	9,787	-	-	384	202,819	-	202,819
Housing assistance payments	-	-	-	-	3,848,484	-	3,848,484
Depreciation	139,098	265,433	-	52,084	1,309,876	-	1,309,876
TOTAL OPERATING EXPENSES	<u>504,440</u>	<u>738,787</u>	<u>104,482</u>	<u>964,297</u>	<u>12,116,038</u>	<u>(861,419)</u>	<u>11,254,619</u>
OPERATING INCOME (LOSS)	<u>267,034</u>	<u>64,167</u>	<u>-</u>	<u>(32,265)</u>	<u>(230,121)</u>	<u>-</u>	<u>(230,121)</u>
NONOPERATING REVENUE (EXPENSE)							
Interest income	2,075	106	-	-	2,271	-	2,271
(Loss) on disposition of capital assets	-	-	-	(1,041)	(45,212)	-	(45,212)
Operating transfer in (out)	-	-	-	-	-	-	-
NET NONOPERATING REVENUE (EXPENSE)	<u>2,075</u>	<u>106</u>	<u>-</u>	<u>(1,041)</u>	<u>(42,941)</u>	<u>-</u>	<u>(42,941)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>269,109</u>	<u>64,273</u>	<u>-</u>	<u>(33,306)</u>	<u>(273,062)</u>	<u>-</u>	<u>(273,062)</u>
CAPITAL GRANTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,862,420</u>	<u>-</u>	<u>1,862,420</u>
CHANGE IN NET POSITION	<u>269,109</u>	<u>64,273</u>	<u>-</u>	<u>(33,306)</u>	<u>1,589,358</u>	<u>-</u>	<u>1,589,358</u>
NET POSITION AT BEGINNING 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>
RESIDUAL EQUITY TRANSFER IN (OUT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 7,021,903</u>	<u>\$ 3,494,175</u>	<u>\$ -</u>	<u>\$ 1,463,447</u>	<u>\$ 28,504,863</u>	<u>\$ -</u>	<u>\$ 28,504,863</u>

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017

	PUBLIC HOUSING						CAPITAL FUNDS
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from tenants/participants	\$ 447,726	\$ 176,005	\$ 109,029	\$ 99,967	\$ 433,127	\$ 170,487	\$ -
Cash received from interfund services provided	-	-	-	-	-	-	-
Cash received from operating grants	571,569	758,339	512,488	279,142	265,880	544,792	10,645
Other income received	100,280	137,118	52,840	40,910	48,829	219,223	14,805
Cash payments to vendors	(748,901)	(903,255)	(498,852)	(297,568)	(657,803)	(634,544)	-
Cash payments to employees	(197,402)	(194,734)	(132,566)	(39,799)	(96,763)	(236,495)	-
Cash payments for housing assistance	-	-	-	-	-	-	-
Cash payments for interfund services used	-	-	-	-	-	-	(25,450)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>173,272</u>	<u>(26,527)</u>	<u>42,939</u>	<u>82,652</u>	<u>(6,730)</u>	<u>63,463</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital grants	-	-	-	-	-	-	1,862,420
Acquisition of capital assets	(3,750)	-	-	-	(47,543)	(152,300)	(1,862,420)
Proceeds from sale of capital assets	-	-	-	-	500	-	-
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,043)</u>	<u>(152,300)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Operating transfers (out) in	<u>(190,000)</u>	<u>78,000</u>	<u>20,000</u>	<u>(78,000)</u>	<u>50,000</u>	<u>120,000</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	-	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(20,478)	51,473	62,939	4,652	(3,773)	31,163	-
CASH AND CASH EQUIVALENTS AT BEGINNING 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>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 397,939</u>	<u>\$ 302,991</u>	<u>\$ 224,640</u>	<u>\$ 131,794</u>	<u>\$ 254,634</u>	<u>\$ 263,093</u>	<u>\$ -</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, 2017

	SECTION 8	COMPONENT UNITS		ROSS	COCC	ELIMINATING ENTRY	TOTAL
		LIHDC	THHADDC				
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from tenants/participants	\$ -	\$ 419,234	\$ 695,770	\$ -	\$ -	\$ -	\$ 2,551,345
Cash received from interfund services provided	-	-	-	577	68,300	(68,877)	-
Cash received from operating grants	4,201,336	246,735	-	104,482	-	-	7,495,408
Other income received	49,060	119,605	57,097	-	931,726	(861,419)	910,074
Cash payments to vendors	(187,484)	(272,901)	(386,055)	(7,555)	(306,926)	861,419	(4,040,425)
Cash payments to employees	(275,034)	(92,968)	(87,027)	(97,504)	(595,027)	-	(2,045,319)
Cash payments for housing assistance	(3,848,484)	-	-	-	-	-	(3,848,484)
Cash payments for interfund services used	(36,584)	(5,425)	(1,418)	-	-	68,877	-
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(97,190)</u>	<u>414,280</u>	<u>278,367</u>	<u>-</u>	<u>98,073</u>	<u>-</u>	<u>1,022,599</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital grants	-	-	-	-	-	-	1,862,420
Acquisition of capital assets	-	(25,268)	(17,311)	-	-	-	(2,108,592)
Proceeds from sale of capital assets	-	-	-	-	500	-	1,000
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(25,268)</u>	<u>(17,311)</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>(245,172)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Operating transfers in (out)	-	-	-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	90	2,075	106	-	-	-	2,271
Purchase of investments	-	(2,000,000)	-	-	-	-	(2,000,000)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>90</u>	<u>(1,997,925)</u>	<u>106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,997,729)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(97,100)	(1,608,913)	261,162	-	98,573	-	(1,220,302)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>171,392</u>	<u>2,855,795</u>	<u>306,786</u>	<u>-</u>	<u>589,123</u>	<u>-</u>	<u>5,372,211</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 74,292</u>	<u>\$ 1,246,882</u>	<u>\$ 567,948</u>	<u>\$ -</u>	<u>\$ 687,696</u>	<u>\$ -</u>	<u>\$ 4,151,909</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, 2017

	PUBLIC HOUSING						CAPITAL FUNDS
	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>							
Cash and cash equivalents	\$ 336,875	\$ 248,469	\$ 208,777	\$ 113,921	\$ 223,992	\$ 203,781	\$ -
Cash and cash equivalents - restricted	61,064	54,522	15,863	17,873	30,642	59,312	-
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 397,939</u>	<u>\$ 302,991</u>	<u>\$ 224,640</u>	<u>\$ 131,794</u>	<u>\$ 254,634</u>	<u>\$ 263,093</u>	<u>\$ -</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>							
Operating income (loss)	\$ 140,273	\$ (78,130)	\$ (84,725)	\$ 37,136	\$ (93,820)	\$(383,666)	\$ (13,327)
Adjustments to reconcile operating income (loss) to net provided by (used in) operating activities							
Depreciation	41,661	51,616	122,573	39,413	118,036	462,247	13,327
Forgivable debt reduction	-	-	-	-	-	-	-
Changes in assets and liabilities							
(Increase) decrease in assets							
Accounts receivable	(2,547)	(4,486)	(2,682)	3,827	(4,459)	(7,653)	-
Due from other governments	-	-	-	-	(23,724)	-	10,645
Due from other funds	-	-	-	-	-	-	-
Inventory	5,886	(1,572)	1,869	2,547	(1,891)	1,661	-
Prepaid expenses	(6,541)	(5,917)	(2,533)	(6,518)	461	(9,215)	-
(Decrease) increase in liabilities							
Accounts payable	(933)	7,954	1,498	(457)	3,993	(2,009)	-
Accrued expenses	(7,430)	7,229	4,780	(1,088)	(3,906)	4,883	14,805
Accrued payroll	5,610	(3,058)	2,541	1,374	3,080	7,996	-
Unearned revenue	(641)	(1,279)	647	85	(113)	(153)	-
Due to other governments	(4,577)	-	-	-	(3,904)	(5,099)	-
Due to other funds	-	-	-	-	-	-	(25,450)
Tenants' FSS escrow	-	2,263	(855)	3,758	-	(4,296)	-
Tenants' security deposits	2,511	(1,147)	(174)	2,575	(483)	(1,233)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 173,272</u>	<u>\$ (26,527)</u>	<u>\$ 42,939</u>	<u>\$ 82,652</u>	<u>\$ (6,730)</u>	<u>\$ 63,463</u>	<u>\$ -</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, 2017

	SECTION 8	COMPONENT UNITS		ROSS	COCC	ELIMINATING ENTRY	TOTAL
		LIHDC	THHADDC				
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION							
Cash and cash equivalents	\$ 1,895	\$ 1,223,987	\$ 529,674	\$ -	\$ 687,696	\$ -	\$ 3,779,067
Cash and cash equivalents - restricted	72,397	22,895	38,274	-	-	-	372,842
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$ 74,292	\$ 1,246,882	\$ 567,948	\$ -	\$ 687,696	\$ -	\$ 4,151,909
RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES							
Operating (loss) income	\$ (52,798)	\$ 267,034	\$ 64,167	\$ -	\$ (32,265)	\$ -	\$ (230,121)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities							
Depreciation	4,388	139,098	265,433	-	52,084	-	1,309,876
Forgivable debt reduction	-	-	(30,046)	-	-	-	(30,046)
Changes in assets and liabilities							
(Increase) decrease in assets							
Accounts receivable	(12,187)	10,938	(23,879)	-	(306)	-	(43,434)
Due from other governments	(6,148)	-	-	(2,860)	-	-	(22,087)
Due from other funds	-	(5,302)	(1,016)	-	61,902	(55,584)	-
Inventory	-	-	-	-	(135)	-	8,365
Prepaid expenses	231	(2,222)	3,669	-	(10)	-	(28,595)
Increase (decrease) in liabilities							
Accounts payable	313	(1,506)	(12,100)	(180)	(444)	-	(3,871)
Accrued expenses	108	(253)	8,703	(535)	(7,535)	-	19,761
Accrued payroll	8,311	3,455	-	2,998	18,384	-	50,691
Unearned revenue	-	308	(439)	-	-	-	(1,585)
Due to other governments	-	-	-	-	-	-	(13,580)
Due to other funds	(36,584)	(123)	(402)	577	6,398	55,584	-
Tenants' FSS escrow	(2,824)	-	-	-	-	-	(1,954)
Tenants' security deposits	-	2,853	4,277	-	-	-	9,179
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (97,190)	\$ 414,280	\$ 278,367	\$ -	\$ 98,073	\$ -	\$ 1,022,599

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
SEPTEMBER 30, 2017

ANNUAL CONTRIBUTIONS CONTRACT

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

	<u>IN36P021501-14</u>
Funds approved	\$ 1,026,253
Funds expended	<u>1,026,253</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 1,026,253
Funds expended	<u>1,026,253</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated February 14, 2017, 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, 2017

ANNUAL CONTRIBUTIONS CONTRACT

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

	<u>IN36P021501-15</u>
Funds approved	\$ 1,050,605
Funds expended	<u>1,050,605</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 1,050,605
Funds expended	<u>1,050,605</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated August 15, 2017, 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 FAMILY SELF-SUFFICIENCY (FSS) COSTS
SEPTEMBER 30, 2017

ANNUAL CONTRIBUTIONS CONTRACT

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

	<u>IN021FSH463A015</u>
Funds approved	\$ 100,000
Funds expended	<u>100,000</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 100,000
Funds expended	<u>100,000</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Federal Financial Report dated February 13, 2017, submitted to HUD are in agreement with the Housing Authority's records.
3. All FSS 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 FAMILY SELF-SUFFICIENCY (FSS) COSTS
SEPTEMBER 30, 2017

ANNUAL CONTRIBUTIONS CONTRACT

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

	<u>IN021FSH233014</u>
Funds approved	\$ 65,984
Funds expended	<u>65,984</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 65,984
Funds expended	<u>65,984</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Federal Financial Report dated January 12, 2016, submitted to HUD are in agreement with the Housing Authority's records.
3. All FSS 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, 2017

<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>SUBRECIPIENT NUMBER</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	-	\$ 4,105,868
Other Public Housing Authorities		Unknown	-	101,616
Quadel Section 8 Pass through		IN3600 33015	-	<u>246,735</u>
TOTAL 14.871				4,454,219
Public and Indian Housing	14.850	N/A	-	2,955,934
Public Housing Capital Fund	14.872	N/A	-	1,862,420
Family Self Sufficiency Program	14.896	N/A	-	<u>104,482</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 9,377,055</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.

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 - 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, 2017.

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, 2017.

**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, 2017, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated January 22, 2018. 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
January 22, 2018

**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, 2017. 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, 2017.

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
January 22, 2018

HOUSING AUTHORITY OF THE CITY OF TERRE HAUTE
Terre Haute, Indiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017

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
14.872	Public Housing Capital Funds

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