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

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

March 7, 2018

Board of Directors  
Housing Authority of the City of Lafayette  
100 Executive Dr.  
Lafayette, IN 47905

We have reviewed the audit report prepared by BRZ Sailor Khan, LLC, Independent Public Accountant, for the period April 1, 2015 to March 31, 2016. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Lafayette, as of March 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
LAFAYETTE, INDIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016  
AND  
REPORTS ON COMPLIANCE AND  
ON INTERNAL CONTROL

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
Lafayette, Indiana

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SECTION I  
AUDITOR'S REPORT  
AND  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of the City of Lafayette  
Lafayette, Indiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Housing Authority of the City of Lafayette, Indiana, (Authority), as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Lafayette's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority of the City of Lafayette'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 of the City of Lafayette'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.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Lafayette, as of March 31, 2016 and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Report on Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii through viii 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**

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Lafayette's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Financial Data Schedule - HUD Prescribed Format are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 above described supplementary information is 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 our report dated September 29, 2016 on our consideration of the Housing Authority of the City of Lafayette's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 of the City of Lafayette's internal control over financial reporting and compliance.

BRZ Sailor Khan LLC

BRZ Sailor Khan, LLC  
St. Louis, Missouri  
September 29, 2016

## Housing Authority of the City of Lafayette

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### Management's Discussion and Analysis (MD&A) March 31, 2016 (Unaudited)

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The management of the Housing Authority of the City of Lafayette (Housing Authority) offers this narrative overview and analysis of its audited financial statements for the fiscal year ended March 31, 2016. The goal is for the reader to better understand the Housing Authority's financial activities and its overall financial position and show whether current year revenues covered current year expenses and the extent to which the Housing 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 HIGHLIGHTS**

- The assets of the Housing Authority exceed its liabilities (net position) as of March 31, 2016 by \$453,093.
- The Housing Authority's Investment in Capital Assets as of March 31, 2016 was \$18,020.
- The Housing Authority's total revenue including interest income for the fiscal year ended March 31, 2016 was \$6,780,782.
- The Housing Authority's total expenses for the fiscal year ended March 31, 2016 were \$6,672,355.
- The Housing Authority's total combined revenues less its total expenses March 31, 2016 was \$108,427.

#### **USING THIS ANNUAL REPORT**

The Housing Authority's Management Discussion and Analysis is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements are comprised of two components: (1) fund financial statements, and (2) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to private sector business. This Management Discussion and Analysis will (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Housing Authority's financial activity, (c) identify changes in the Housing Authority's financial position including its ability to address the next and subsequent year challenges, and (d) identify individual fund issues or concerns.

The *Statement of Net Position* presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

The *Statement of Revenue, Expenses and Changes in Net Position* presents information detailing how the Housing Authority's Net Position changed during the fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

**Housing Authority of the City of Lafayette**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

**USING THIS ANNUAL REPORT (CONTINUED)**

The *Statement of Cash Flows* provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financial activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development (HUD).

**MAJOR PROGRAMS**

The Housing Authority programs are consolidated into a single enterprise fund. The major programs consist of the following Section 8 Housing Choice Voucher related activities

*Section 8 Housing Assistance – Housing Choice Voucher Program (HCVP)* - The Housing Choice Voucher Program is the Federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market. Vouchers are administered within a specified jurisdiction locally by Public Housing Authorities (PHAs). PHAs receive unrestricted funds from HUD to administer the HCVP and restricted funds from HUD to pay housing subsidies directly to private market landlords on behalf of the participating family. The family then pays the landlord directly the difference between the actual rent charged by the landlord and the amount subsidized by the program.

*Section 8 Homeownership Vouchers* - A subset of the HCVP, the Housing Authority offers Homeownership vouchers to qualified Section 8 Housing Assistance participants to purchase a home. This program is conducted in partnership with Lafayette Homestead Consulting Services.

*Tenant Based Rental Assistance Vouchers (TBRA)* - The Tenant Based Rental Assistance program funding is provided by HUD's Home funds through contract with the Housing Consortium and administered by the City of Lafayette. These funds provide the assistance to households for the first year on the program and then the household is transferred to the Section 8 Housing Choice Voucher program in a seamless manner. This allows the housing authority to assist an additional 10 households from the waiting list annually.

*Project Based Voucher Program*—Project-based vouchers are a component of a public housing agencies (PHAs) housing choice voucher program. A PHA can attach up to 20 percent of its voucher assistance to specific housing units if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set-aside a portion of units in an existing development. In March of 2011, the Housing Authority has contracted with Lafayette Transitional Housing to cover 24 units at Lincoln Center, 24 units at the Singles Program and 11 units at the Families Program for an initial period of fifteen years. All 3 programs provide assistance for chronically homeless persons with high barriers.

*Veterans Affairs Supportive Housing (VASH)* - The HUD-VASH program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

**Housing Authority of the City of Lafayette**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

**MAJOR PROGRAMS (CONTINUED)**

Inspection Fees -Since August 1998, the Housing Authority conducts inspections for the City of Lafayette homes that are part of city-funded rehabilitation loans. Annual inspections are required throughout the duration of each loan's term. As these loans expire, the number of inspections required will decrease until which time all loans are complete. The Housing Authority maintains a second inspections contract with the City of Lafayette to conduct inspections on replacement housing for properties condemned or otherwise requiring displacement.

HOME Investment Partnership Program (HOME) and Community Development Block Grant (CDBG)-A Memorandum of Understanding (MOU) was signed in 2015 for the Lafayette Housing Authority to manage both the HOME and CDBG programs for the City of Lafayette. The HOME program funds a wide range of activities including building, buying and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low -income people. The CDBG program provides communities with resources to address a wide range of unique community development needs benefiting low-income people.

**FINANCIAL ANALYSIS**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Housing Authority has only one fund type, namely an enterprise fund which is a proprietary fund type. The financial statements can be found on pages 1 through 4 of this report.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 5 through 15 of this report.

**Housing Authority of the City of Lafayette**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

Statement of Net Position

The following table represents a condensed comparative Statement of Net Position as of March 31, 2016 and 2015 respectively:

*Condensed Statements of Net Position*  
*March 31,*

	<u>2016</u>	<u>2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 812,877	\$ 518,918	\$ 293,959	56.6%
Capital assets	<u>18,020</u>	<u>30,340</u>	<u>(12,320)</u>	-40.6%
Total Assets	<u>830,897</u>	<u>549,258</u>	<u>281,639</u>	51.3%
Current liabilities	40,229	29,354	10,875	37.0%
Noncurrent liabilities	<u>337,575</u>	<u>12,806</u>	<u>324,769</u>	2536.1%
Total Liabilities	<u>377,804</u>	<u>42,160</u>	<u>335,644</u>	796.1%
Net Positions				
Net investment in capital assets	18,020	30,340	(12,320)	-40.6%
Restricted net position	122,540	53,696	68,844	128.2%
Unrestricted	<u>312,533</u>	<u>423,062</u>	<u>(110,529)</u>	-26.1%
Total Net Position	<u>\$ 453,093</u>	<u>\$ 507,098</u>	<u>\$ (54,005)</u>	-10.7%

As noted earlier, Net Position may serve over time as a useful indicator of financial position. In the case of the Housing Authority, assets exceeded liabilities by approximately \$ 507,096 as of March 31, 2015, and \$453,093 as of March 31, 2016. The \$54,004 reduction is summarized on the following page.

The majority of the Housing Authority's Net Position is Unrestricted Net Position obtained from Administrative Fees earned in excess of costs to administer the HCVP. The Unrestricted Net Position of the Housing Authority are available for future use to provide program services and the Restricted Net Position are available for future use to provide housing assistance to qualified families.

Total Assets for FYE 2015 was \$549,258 and at FYE 2016 the amount was \$830,897. This represents an increase of \$281,639.

Cash increased by \$67,308 or 15%. The Cash increase was due to fees received for management oversight of programs sponsored by the City of Lafayette.

Other Current Assets increased by \$157,806 or 27.88%. The increase is a result of pension plan assets.

Capital Assets decreased by \$12,319 or 41%. The decrease in capital assets is due to disposals of fixed assets comprised from removing capital assets with a cost basis of \$36,575 and their related accumulated depreciation.

**Housing Authority of the City of Lafayette**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

Current Liabilities increased \$10,874 or 37%. This is primarily due to an increase in compensated absences and accrued payroll.

Non-Current Liabilities increased by \$324,769 or 25.36%. The increase is a result of GASB 68 transactions to record cumulative prior and current period pension liability for the Housing Authority.

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

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended March 31, 2016 and 2015.

*Condensed Statements of Revenues, Expenses  
and Changes in Net Position  
Year Ended March 31,*

	<u>2016</u>	<u>2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues and Contributions</b>				
Operating - non-operating -capital contributions:				
HUD operating grants	\$ 6,596,417	\$ 6,179,679	\$ 416,738	6.74%
Interest income	2,440	917	1,523	166.09%
Other income	176,125	50,279	125,846	250.30%
Gain on disposition of capital items	5,800	(1,260)	7,060	-121.72%
Total Revenues and Contributions	<u>6,780,782</u>	<u>6,229,615</u>	<u>551,167</u>	8.85%
<b>Expenses</b>				
Personal services	565,182	538,325	26,857	4.99%
Utilities	6,194	7,445	(1,251)	-16.80%
Operations and maintenance	10,262	9,855	407	4.13%
Insurance	7,279	8,346	(1,067)	-12.78%
Other supplies and expenses	206,109	161,989	44,120	27.24%
Housing assistance payments	5,865,009	5,849,966	15,043	0.26%
Depreciation	12,320	21,662	(9,342)	-43.13%
Total Expenses	<u>6,672,355</u>	<u>6,597,588</u>	<u>74,767</u>	1.13%
Change in net position	108,427	(367,973)	476,400	
Beginning net position	507,098	875,071	(367,973)	
Prior period adjustments	(162,432)	----	(162,432)	
Beginning net position, adjusted	<u>344,666</u>	<u>875,071</u>	<u>(530,405)</u>	
Ending net position	<u>\$ 453,093</u>	<u>\$ 507,098</u>	<u>\$ (54,005)</u>	

**Housing Authority of the City of Lafayette  
(Unaudited)  
Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

Total revenues and contributions including interest income increased by \$551,167 for Fiscal Year March 31, 2016 to \$6,780,782 as compared to Fiscal Year Ending March 31, 2015 of \$6,229,614.

- HUD Operating Grants increased by \$416,738 or 6.7%. This increase is due to an increase in Housing Assistant Payments that resulted from prior period lease-up activity paid in arrears by HUD.
- Other Revenue increased by \$125,846 or 250%. The primary reason for this increase is due to receipt of reimbursement for direct expenses from the City of Lafayette for the oversight of the HOME, CDBG and TBRA programs.

Total expenditures increased by \$74,766 for Fiscal Year March 31, 2016 to \$6,672,355 as compared to Fiscal Year Ending March 2015 of \$6,597,588. Changes by major expense category presented below.

- Administrative expenditures increased by \$69,726 or 10%. This increase is a result of a combination of several administration expenses, with the primary expense being IT related including the replacement and service of non-capitalized computer and software items.
- Ordinary Maintenance and Operations decreased \$406 or 4%.
- General Expense decreased \$1,067 or 13%. This decrease is a direct result of reduced automobile insurance expenses.
- Housing Assistance Payments decreased by \$15,043 due to changes in resident rental configurations year-over-year.

**BUDGETARY HIGHLIGHTS**

For the year ended March 31, 2016, individual program or grant budgets were prepared by the Housing Authority and were approved by the Board of Commissioners. The budgets were primarily used as management tools and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

**Capital assets and long-term debt activity**

The Housing Authority disposed of \$36,575 in capital assets.

The Housing Authority Long-term debt consists of pension liability of \$325,097.

**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 those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Executive Director, Housing Authority of the City of Lafayette, 100 Executive Drive Suite J, Lafayette Indiana 47903.

SECTION II  
FINANCIAL STATEMENTS  
AND  
NOTES TO FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

STATEMENT OF NET POSITION

March 31, 2016

**ASSETS**

Current Assets:

Cash and cash equivalents	\$	526,870
Receivable - net of allowances:		
Accounts		23,607
Prepaid expenses		139,860
Restricted cash and cash equivalents		<u>122,540</u>
Total Current Assets		<u>812,877</u>

Capital assets:

Other capital assets, net of depreciation		<u>18,020</u>
Total capital assets- net		<u>18,020</u>

Total Assets		<u>830,897</u>
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**LIABILITIES**

Current Liabilities:

Accounts Payable		1,886
Accrued salaries, wages and benefits		7,335
Accrued compensated absences		24,993
Unearned revenues		<u>6,015</u>
Total Current Liabilities		<u>40,229</u>

Noncurrent Liabilities:

Accrued compensated absences		12,478
Accrued pension and OPEB liability		<u>325,097</u>
Total Noncurrent Liabilities		<u>337,575</u>

Total Liabilities		<u>377,804</u>
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**NET POSITION**

Net investment in capital assets		18,020
Restricted for:		
HAP		122,540
Unrestricted		<u>312,533</u>
Total Net Position	\$	<u><u>453,093</u></u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

For Year Ended March 31, 2016

**Operating Revenues:**

Operating subsidies- HUD grants	\$ 6,596,417
Other revenues	<u>176,125</u>
Total operating revenues	<u>6,772,542</u>

**Operating Expenses:**

Personal services	565,182
Utilities	6,194
Operations and maintenance	10,262
Insurance	7,279
Other supplies and expenses	206,109
Housing assistance payments	5,865,009
Depreciation	<u>12,320</u>
Total operating expenses	<u>6,672,355</u>

Operating income (loss) 100,187

**Non-operating revenues (expenses):**

Interest and investment earnings	2,440
Gain (Loss) on sale of fixed assets	<u>5,800</u>

Net non-operating revenues (expenses) 8,240

Change in net position 108,427

Net position at beginning of year 507,098

Prior period error corrections (162,432)

Net position adjusted at beginning of year 344,666

Net position at end of year \$ 453,093

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

**STATEMENT OF CASH FLOWS**

For Year Ended March 31, 2016

<b>Cash flows from operating activities:</b>	
Cash received from HUD grants- operating	\$ 6,602,278
Cash received from other grants	1,846
Cash received from other operating activities	156,487
Cash payments for goods and services	(5,908,773)
Cash payments to employees-salaries	(384,980)
Cash payments for employee benefit contributions	<u>(176,513)</u>
Net cash provided (used) by operating activities	<u>290,345</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from sale of assets	<u>5,800</u>
Net cash (used) for capital and related financing activities	<u>5,800</u>
<b>Cash flows from investing activities:</b>	
Interest and dividends	<u>2,440</u>
Net cash provided (used) from investing activities	<u>2,440</u>
Net increase (decrease) in cash and cash equivalents	298,585
Cash and cash equivalents at beginning of year	513,257
Adjustments to beginning cash- error correction	<u>(162,432)</u>
Cash and cash equivalents at beginning of year- adjusted	<u>350,825</u>
Cash and cash equivalents at end of year	<u>\$ 649,410</u>
Cash and cash equivalents	\$ 526,870
Restricted cash and cash equivalents	<u>122,540</u>
Total cash and cash equivalents at end of year	<u>\$ 649,410</u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended March 31, 2016

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Operating income (loss)	\$	100,187
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		12,320
Allowance for doubtful accounts		6,773
Changes in assets and liabilities:		
Receivables		(24,719)
Prepaid expenses		(139,860)
Accounts and other payables		325,940
Unearned revenues		6,015
Compensated absences		13,576
Accrued expenses		<u>(9,887)</u>
Net cash provided (used) by operating activities	\$	<u><u>290,345</u></u>

See notes to financial statements



HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

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

**1c. Basis of Presentation (Continued)**

Following is a description of the Authority's programs:

<b>Program</b>	<b>Brief Description</b>
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
State and Local	State and Local programs are grants received from various state and local agency to provide Housing Assistance Payments for low income housing recipients.

**1d. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the financial statements, the “economic resources” measurement focus is used as follows:

- ▶ The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

**Basis of Accounting**

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

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

**1e. Assets, Liabilities, and Equity**

**Cash**

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

**Interprogram Receivables and Payables**

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms, if any, are eliminated for financial statement presentation.

**Receivables**

Receivables consist of all revenues earned at year-end and not yet received. Accounts receivable-miscellaneous, fraud recovery and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Budgets and Budgetary Accounting**

The Authority adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

**Estimates and Assumptions**

The Authority uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

**Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

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

**1e. Assets, Liabilities, and Equity (Continued)**

**Capital Assets (Continued)**

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Furniture, equipment and machinery - administration                      5 - 10    years

**Restricted Assets**

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to Housing Choice Vouchers which is a HUD program.

**Compensated Absences**

The Housing Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Equity Classifications**

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no related debt.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

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

**1f. Revenues, Expenditures, and Expenses**

**Operating Revenues and Expenses**

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

**Interfund Transfers**

For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all interfund transfers between individual programs, if any, have been eliminated.

**NOTE 2 - Stewardship, Compliance, and Accountability**

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

**2a. Program Accounting Requirements**

The Authority complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<b>Program</b>	<b>Required By</b>
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
State and Local	State and Local Government

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

**NOTE 2 - Stewardship, Compliance, and Accountability (Continued)**

**2b. Deposits and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of the Authority in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Authority must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Authority are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

**NOTE 3 - Detail Notes on Transaction Classes/Accounts**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3a. Cash and Investments**

**Deposits**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or the Authority will not be able to recover collateral securities in the possession of an outside party. As of March 31, 2016, the Authority's bank balances of \$667,346, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

**3b. Restricted Cash and Cash Equivalents**

The restricted cash and cash equivalents as of March 31, 2016, are as follows:

<u>Type of Restricted Cash and Cash Equivalents</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Total</u>
Unspent HAP subsidy	\$ 53,696.00	\$ ----	\$ 53,696.00
	\$ 53,696.00	\$ ----	\$ 53,696.00

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

**NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)**

**3c. Accounts Receivable**

Receivables detail at March 31, 2016, is as follows:

Fraud recovery	\$ 122,439
Allowance for doubtful accounts	<u>(120,644)</u>
Fraud recovery - net	1,795
Accounts receivable - HUD	154
Accounts receivable - other	<u>21,658</u>
	<u>\$ 23,607</u>

**3d. Capital Assets**

Capital asset activity for the year ended March 31, 2016, was as follows:

	<u>Balance April 1, 2015</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance March 31, 2016</u>
Furniture, equipment and machinery- administration	\$ 277,207	\$ ----	\$ <u>(36,575)</u>	\$ 240,632
Accumulated depreciation	<u>246,867</u>	<u>12,320</u>	<u>(36,575)</u>	<u>222,612</u>
Total	<u>\$ 30,340</u>			<u>\$ 18,020</u>

For assets that are depreciated refer to Note 1e - Capital Assets

**3e. Accounts Payable**

Accounts payable at March 31, 2016, consisted of accounts payable - vendors in the amount of \$1,886.

**3f. Compensated Absences**

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at March 31, 2016 is \$37,471.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

**NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)**

**3g. Non-current Liabilities**

As of March 31, 2016, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	\$ 12,478
Accrued pension and OPEB liability	<u>325,097</u>
Total	<u>\$ 337,575</u>

The following is a summary of changes in non-current liabilities for the year ended March 31, 2016:

	<u>Balance March 31, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2016</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ 12,806	\$ ----	\$ 328	\$ 12,478	\$ 24,993
Accrued pension and OPEB liability	<u>----</u>	<u>325,097</u>	<u>----</u>	<u>325,097</u>	<u>----</u>
Total	<u>\$ 12,806</u>	<u>\$ 325,097</u>	<u>\$ 328</u>	<u>\$ 337,575</u>	<u>\$ 24,993</u>

**3h. Interprogram Transactions**

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations. Offsetting operating transfers, if any, are eliminated for financial statement presentation.

**3i. Unrestricted net position - Prior-period Error Corrections**

Following is the composite of error corrections:

1 Cash -prior year adjustment	<u>\$ 162,432</u>
Totals	<u>\$ 162,432</u>

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

**NOTE 4 - Other Notes**

**4a. Pension Plan**

Description of Pension Plan

The Housing Authority of the City of Lafayette participates through the City of Lafayette, Indiana in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Public Retirement System (INPRS) and is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund ((PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS financial reports are available online at [www.in.gov/inprs/annualreports.htm](http://www.in.gov/inprs/annualreports.htm).

Members include officers and employees of units of State and Local Governments in Indiana (referred to a political subdivisions), including counties, cities, towns, townships, libraries and school corporations. The political subdivision become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan.

Benefits Provided

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits are vested after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100%. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

A member who is at least 55 years old and shows age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits described above.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

The PERF Hybrid Plan also provides disability and survivor benefits.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

**NOTE 4 - Other Notes (Continued)**

**4a. Pension Plan (Continued)**

Contributions

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During fiscal year 2016, all participating employers contributed an average rate of 11.03% of covered payroll. (The City of Lafayette is the participating employer, of that the Housing Authority of the City of Lafayette rate was 2.49%). The Authority's required contribution to the plan for the fiscal year ended March 31, 2016 was \$41,285. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

Employer Allocations

The allocation percentages for the Housing Authority's share of the collective pension amounts as of March 31, 2016 and 2015 was based on the ratio of the Housing Authority's payroll to the total payroll of the City of Lafayette. At March 31, 2016, the Authority's proportionate share was 2.49% of the City of Lafayette's proportionate share.

Net Pension Liability

At March 31, 2016, the Authority reported a liability of \$325,097. The proportionate share of the liability as of March 31, 2015 was \$201,555, which was not required to be reported in the previous year.

**4b. Post Employment Benefit Plan**

Section 457(b) Deferred Compensation

The Housing Authority of Lafayette, Indiana offers eligible employees a separate deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plan are held in variable annuity contracts and trust or custodial accounts through Nationwide Retirement Solutions, Inc., as described in IRC Section 457(b) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purpose of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB statement 32, plan balances and activities are not reflected in the Housing Authority of Lafayette, Indiana financial statements. For the fiscal year ended March 31, 2016, employees contributed \$4,214 and there are no employer contributions. Employee contributions are vested immediately.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2016

**NOTE 4 - Other Notes (Continued)**

**4c. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Authority manages these various risks of loss as follows:

<b>Type of Loss</b>	<b>Method Managed</b>
a. Torts, errors and omissions	Purchased insurance with Henriott Group, Inc.
b. Injuries to employees (workers' compensation)	Purchased insurance with Cincinnati Insurance Co.; Claims are administered by Cincinnati Insurance Co.
c. Health and life	Purchased health insurance with United Health Care; Life insurance is provided by One America.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**4d. Economic Dependency**

The Housing Authority of the City of Lafayette receives a significant portion of its revenue from funds provided through Federal grants. The grant amounts are appropriated each year at the Federal level. The amount of the funds the Authority receives could be reduced significantly and have an adverse impact on its operations.

**4e. Contractual Agreement**

The Lafayette Housing Authority (LHA) entered into a contractual agreement with the City of Lafayette Housing Consortium, an entitlement grantee for both the Community Development Block Grant Program (CDBG) and the Home Investment Partnerships Program (HOME), on August 26, 2015 to perform Grant Administration Services. In exchange for an agreed upon fee structure LHA provides the following services: general administrative functions of both programs, application and selection processing for new funding and re-designation of the City to continue to receive funding and compliance reporting requirements of each program.

**4f. Contingencies**

The Authority is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS**

Year Ended March 31, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	<u>Low Income Public Housing Major - Direct Program</u>		
2016	Housing Choice Vouchers	14.871	\$ <u>6,596,417</u>
	<b>Total</b>		\$ <u>6,596,417</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

**NOTE 1 - Significant Accounting Policies**

The schedule of federal awards has been prepared on the accrual basis of accounting.

EXHIBIT A  
FINANCIAL DATA SCHEDULE

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$526,870		\$526,870		\$526,870
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$122,540		\$122,540		\$122,540
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$649,410	\$0	\$649,410	\$0	\$649,410
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$154	\$0	\$154		\$154
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$17,772	\$3,886	\$21,658		\$21,658
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts - Tenants					
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$122,439		\$122,439		\$122,439
128.1 Allowance for Doubtful Accounts - Fraud	-\$120,644		-\$120,644		-\$120,644
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$19,721	\$3,886	\$23,607	\$0	\$23,607
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$139,860		\$139,860		\$139,860
143 Inventories					

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$3,886		\$3,886	\$0	\$3,886
145 Assets Held for Sale					
150 Total Current Assets	\$812,877	\$3,886	\$816,763	\$0	\$816,763
161 Land					
162 Buildings					
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$240,632		\$240,632		\$240,632
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$222,612		-\$222,612		-\$222,612
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$18,020	\$0	\$18,020	\$0	\$18,020
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$18,020	\$0	\$18,020	\$0	\$18,020
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$830,897	\$3,886	\$834,783	\$0	\$834,783

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$1,886		\$1,886		\$1,886
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$7,335		\$7,335		\$7,335
322 Accrued Compensated Absences - Current Portion	\$24,993		\$24,993		\$24,993
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs	\$6,015		\$6,015		\$6,015
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits					
342 Unearned Revenue					
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$325,097		\$325,097		\$325,097
347 Inter Program - Due To		\$3,886	\$3,886	\$0	\$3,886
348 Loan Liability - Current					
310 Total Current Liabilities	\$365,326	\$3,886	\$369,212	\$0	\$369,212
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$12,478		\$12,478		\$12,478
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
357 Accrued Pension and OPEB Liabilities	\$0		\$0		\$0
350 Total Non-Current Liabilities	\$12,478	\$0	\$12,478	\$0	\$12,478
300 Total Liabilities	\$377,804	\$3,886	\$381,690	\$0	\$381,690
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$18,020		\$18,020		\$18,020
511.4 Restricted Net Position	\$122,540		\$122,540		\$122,540
512.4 Unrestricted Net Position	\$312,533	\$0	\$312,533		\$312,533
513 Total Equity - Net Assets / Position	\$453,093	\$0	\$453,093	\$0	\$453,093
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$830,897	\$3,886	\$834,783	\$0	\$834,783

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue					
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$6,596,417	\$0	\$6,596,417		\$6,596,417
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$2,440		\$2,440		\$2,440
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$50,278		\$50,278		\$50,278
71500 Other Revenue	\$94,279	\$31,568	\$125,847		\$125,847
71600 Gain or Loss on Sale of Capital Assets	\$5,800		\$5,800		\$5,800
72000 Investment Income - Restricted					
70000 Total Revenue	\$6,749,214	\$31,568	\$6,780,782	\$0	\$6,780,782
91100 Administrative Salaries	\$367,256	\$7,837	\$375,093		\$375,093

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
91200 Auditing Fees	\$6,780		\$6,780		\$6,780
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$936		\$936		\$936
91500 Employee Benefit contributions - Administrative	\$176,513		\$176,513		\$176,513
91600 Office Expenses	\$148,465		\$148,465		\$148,465
91700 Legal Expense	\$3,225		\$3,225		\$3,225
91800 Travel	\$1,046		\$1,046		\$1,046
91810 Allocated Overhead					
91900 Other	\$18,198		\$18,198		\$18,198
91000 Total Operating - Administrative	\$722,419	\$7,837	\$730,256	\$0	\$730,256
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water					
93200 Electricity	\$6,194		\$6,194		\$6,194
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
93800 Other Utilities Expense	\$0		\$0		\$0
93000 Total Utilities	\$6,194	\$0	\$6,194	\$0	\$6,194
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and					
94300 Ordinary Maintenance and Operations Contracts	\$10,262		\$10,262		\$10,262
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$10,262	\$0	\$10,262	\$0	\$10,262
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance					
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance	\$7,279		\$7,279		\$7,279
96100 Total insurance Premiums	\$7,279	\$0	\$7,279	\$0	\$7,279
96200 Other General Expenses	\$3,727	\$23,731	\$27,458		\$27,458
96210 Compensated Absences	\$13,576		\$13,576		\$13,576
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$17,303	\$23,731	\$41,034	\$0	\$41,034
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$763,457	\$31,568	\$795,025	\$0	\$795,025
97000 Excess of Operating Revenue over Operating Expenses	\$5,985,757	\$0	\$5,985,757	\$0	\$5,985,757
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$5,865,009		\$5,865,009		\$5,865,009
97350 HAP Portability-In	\$0		\$0		\$0
97400 Depreciation Expense	\$12,320		\$12,320		\$12,320
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$6,640,786	\$31,568	\$6,672,354	\$0	\$6,672,354
10010 Operating Transfer In					
10020 Operating transfer Out					

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$108,428	\$0	\$108,428	\$0	\$108,428
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$507,097	\$0	\$507,097		\$507,097
11040 Prior Period Adjustments, Equity Transfers and Correction	-\$162,432		-\$162,432		-\$162,432
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity	\$338,040		\$338,040		\$338,040
11180 Housing Assistance Payments Equity	\$115,053		\$115,053		\$115,053

Housing Authority of the City of Lafayette (IN071)  
Lafayette, IN

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
11190 Unit Months Available	14671		14671		14671
11210 Number of Unit Months Leased	14492		14492		14492
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

SECTION III  
REPORTS ON COMPLIANCE  
AND  
ON INTERNAL CONTROL

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Board of Commissioners  
Housing Authority of the City of Lafayette  
Lafayette, 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 financial statements of the Housing Authority of the City of Lafayette, Indiana, (Authority), as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Lafayette's basic financial statements, and have issued our report thereon dated September 29, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Lafayette'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Lafayette's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Lafayette's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 of the City of Lafayette's financial statements are free from 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 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BRZ Sailor Khan LLC*

BRZ Sailor Khan, LLC  
St. Louis, Missouri  
September 29, 2016

**Independent Auditor's Report on Compliance For Each Major Federal Program;  
Report on Internal Control over Compliance Required by Uniform Guidance**

Board of Commissioners  
Housing Authority of the City of Lafayette  
Lafayette, Indiana

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

We have audited the Housing Authority of the City of Lafayette, Indiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Housing Authority of the City of Lafayette's major federal programs for the year ended March 31, 2016. The Housing Authority of the City of Lafayette's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Lafayette'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, 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 the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Lafayette'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 with each major program. However, our audit does not provide a legal determination of the Housing Authority of the City of Lafayette's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Housing Authority of the City of Lafayette complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified above for the year ended March 31, 2016.

### **Report on Internal Control Over Compliance**

Management of the Housing Authority of the City of Lafayette 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 of the City of Lafayette's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 of the City of Lafayette'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 requirements 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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 the 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*, as defined above. However, material weaknesses may exist that have not been identified.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Housing Authority of the City of Lafayette, Indiana, as of and for the year ended March 31, 2016, and the related notes of the financial statements, which collectively comprise the Housing Authority of the City of Lafayette, Indiana's basic financial statements. We issued our report thereon dated September 29, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 our testing based on the requirements of *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

BRZ Sailor Khan LLC

BRZ Sailor Khan, LLC  
St. Louis, Missouri  
September 29, 2016

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

**SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS**

March 31, 2016

The prior audit report for the year ended March 31, 2015 contained no significant deficiencies.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2016

**SECTION I - SUMMARY OF AUDITOR RESULTS**

Financial Statement:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Uniform Guidance</i> [2 CFR 20.516(a)]?	No

Identification of major programs:

<b>CFDA</b>	
<b>Number(s)</b>	<b>Name of Federal Program</b>
14-871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:	\$500,000
Auditee qualified as low-risk auditee?	Yes

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

March 31, 2016

**SECTION II - FINANCIAL STATEMENT FINDINGS**

The current audit report for the year ended March 31, 2016 disclosed no Financial Statement audit findings.

**SECTION III - FEDERAL AWARD FINDINGS**

The current audit report for the year ended March 31, 2016 disclosed no Federal Awards audit findings.

**ACTION PLAN**

The current audit report for the year ended March 31, 2016 disclosed no audit findings and consequently there is no action plan.

**QUESTIONED COSTS**

None