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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, 2016 to March 31, 2017. 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, 2017 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

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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, 2017, 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, 2017 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 remaining accompanying supplementary information including 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 November 2, 2017 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
November 2, 2017

Housing Authority of the City of Lafayette

Management's Discussion and Analysis (MD&A)

March 31, 2017

(Unaudited)

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, 2017. 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 which begin on page 1.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceed its liabilities (net position) as of March 31, 2017 by \$613,662.
- The Housing Authority's Investment in Capital Assets as of March 31, 2017 was \$9,021.
- The Housing Authority's total revenue including interest income for the fiscal year ended March 31, 2017 was \$7,070,038.
- The Housing Authority's total expenses for the fiscal year ended March 31, 2017 was \$7,094,706.
- The Housing Authority's total combined revenues less its total expenses March 31, 2017 was (\$24,668).

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 and 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, veterans 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 administers a Homeownership program 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 Lafayette Housing Consortium. TBRA vouchers 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 at least 16 additional 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). The VASH program provides 23 vouchers to house homeless Veterans.

**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.

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 benefitting 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 13 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, 2017 and 2016 respectively:

*Condensed Statements of Net Position
March 31,*

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 543,968	\$ 690,337	\$ (146,369)	-21.2%
Restricted assets	105,728	122,540	(16,812)	-13.7%
Capital assets	<u>9,021</u>	<u>18,020</u>	<u>(8,999)</u>	-49.9%
Total Assets	<u>658,717</u>	<u>830,897</u>	<u>(172,180)</u>	-20.7%
Current liabilities	33,856	40,229	(6,373)	-15.8%
Noncurrent liabilities	<u>11,199</u>	<u>337,575</u>	<u>(326,376)</u>	-96.7%
Total Liabilities	<u>45,055</u>	<u>377,804</u>	<u>(332,749)</u>	-88.1%
Net Positions				
Net investment in capital assets	9,021	18,020	(8,999)	-49.9%
Restricted net position	105,728	122,540	(16,812)	-13.7%
Unrestricted	<u>498,913</u>	<u>312,533</u>	<u>186,380</u>	59.6%
Total Net Position	<u>\$ 613,662</u>	<u>\$ 453,093</u>	<u>\$ 160,569</u>	35.4%

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 \$ 453,093 as of March 31, 2016, and \$613,662 as of March 31, 2017. The \$160,569 increase 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 is available for future use to provide program services and the Restricted Net Position is available for future use to provide housing assistance to qualified families.

Total Assets for FYE 2016 was \$830,897 and at FYE 2017 the amount was \$658,717. This represents a net decrease of \$172,180.

Cash decreased by \$20,405 or 4%. The Cash decrease was due to fluctuations in operating activity.

Other Current Assets decreased by \$125,964 or 77%. The decrease is a result a change in pension reporting requirements.

Capital Assets decreased by \$8,999 or 50%. The decrease in capital assets is due to routine annual depreciation expense.

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

FINANCIAL ANALYSIS (CONTINUED)

Current Liabilities decreased \$6,373 or 16%. This is primarily due to the recognition of prior year unearned revenues.

Non-Current Liabilities decreased by \$326,376 or 97%. The decrease is a result a change in pension reporting requirements.

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended March 31, 2017 and 2016.

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

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating - non-operating -capital contributions:				
HUD operating grants	\$ 6,778,506	\$ 6,596,417	\$ 182,089	2.76%
Operating subsidies - other	54,382	----	54,382	100.00%
Interest income	1,866	2,440	(574)	-23.52%
Other income	234,284	176,125	58,159	33.02%
Gain on disposition of capital items	----	5,800	(5,800)	??
Total Revenues and Contributions	<u>7,069,038</u>	<u>6,780,782</u>	<u>288,256</u>	4.25%
Expenses				
Administrative	875,160	753,754	121,406	16.11%
Operations and maintenance and operations	10,450	10,262	188	1.83%
General expense	7,174	7,279	(105)	-1.44%
Housing assistance payments	6,192,923	5,888,740	304,183	5.17%
Depreciation	8,999	12,320	(3,321)	-26.96%
Total Expenses	<u>7,094,706</u>	<u>6,672,355</u>	<u>422,351</u>	6.33%
Change in net position	(25,668)	108,427	(134,095)	
Beginning net position	453,093	344,666	108,427	
Prior period adjustments	<u>185,237</u>	<u>----</u>	<u>185,237</u>	
Beginning net position, adjusted	<u>638,330</u>	<u>344,666</u>	<u>293,664</u>	
Ending net position	<u>\$ 612,662</u>	<u>\$ 453,093</u>	<u>\$ 159,569</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 \$289,256 for Fiscal Year March 31, 2017 to \$7,070,038 as compared to Fiscal Year Ending March 31, 2016 of \$6,780,782.

- HUD Operating Grants increased by \$182,089 or 3%. This increase is due to an increase in Housing Assistance Payments supported by increased leasing activity.
- Other Revenue increased by \$113,541 or 64%. The primary reason for this increase is due to the continued 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 \$422,351 for Fiscal Year March 31, 2017 to \$7,094,706 as compared to Fiscal Year Ending March 2016 of \$6,672,355. Changes by major expense category presented below.

- Administrative expenditures increased by \$121,406 or 16%. This increase is primarily a result of an increase in salary and benefits due to an increase in program(s) delivery requirements.
- Ordinary Maintenance and Operations increased \$188 or 2%.
- General Expense decreased \$105 or 1%. This decrease is a direct result of reduced automobile insurance expenses.
- Housing Assistance Payments increased by \$304,183 or 5%. This increase is due to an increase in program delivery.

BUDGETARY HIGHLIGHTS

For the year ended March 31, 2017, 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 did not acquire or dispose of any capital assets during the year ended March 31, 2017. The Housing Authority Long-term liabilities, consists of accrued compensated absences of \$11,199.

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 47905.

SECTION II
FINANCIAL STATEMENTS
AND
NOTES TO FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

STATEMENT OF NET POSITION

March 31, 2017

ASSETS

Current Assets:

Cash and cash equivalents	\$	506,465
Receivable - net of allowances:		
Accounts		35,865
Prepaid expenses		1,638
Restricted cash and cash equivalents		<u>105,728</u>
Total Current Assets		<u>649,696</u>

Capital assets:

Other capital assets, net of depreciation		<u>9,021</u>
Total capital assets- net		<u>9,021</u>

Total Assets 658,717

LIABILITIES

Current Liabilities:

Accounts Payable		1,459
Accrued salaries, wages and benefits		9,015
Accrued compensated absences		<u>23,382</u>
Total Current Liabilities		<u>33,856</u>

Noncurrent Liabilities:

Accrued compensated absences		<u>11,199</u>
Total Noncurrent Liabilities		<u>11,199</u>

Total Liabilities 45,055

NET POSITION

Net investment in capital assets		9,021
Restricted for:		
HAP		105,728
Unrestricted		<u>498,913</u>
Total Net Position	\$	<u><u>613,662</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, 2017

Operating Revenues:	
Operating subsidies- HUD grants	\$ 6,778,506
Operating subsidies- other grants	54,382
Other revenues	<u>235,284</u>
Total operating revenues	<u>7,068,172</u>
Operating Expenses:	
Personal services	701,840
Utilities	6,755
Operations and maintenance	10,450
Insurance	7,174
Other supplies and expenses	166,565
Housing assistance payments	6,192,923
Depreciation	<u>8,999</u>
Total operating expenses	<u>7,094,706</u>
Operating income (loss)	<u>(26,534)</u>
Non-operating revenues (expenses):	
Interest and investment earnings	<u>1,866</u>
Net non-operating revenues (expenses)	<u>1,866</u>
Change in net position	(24,668)
Net position at beginning of year	453,093
Prior period error corrections	<u>185,237</u>
Net position adjusted at beginning of year	<u>638,330</u>
Net position at end of year	<u>\$ 613,662</u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

STATEMENT OF CASH FLOWS

For Year Ended March 31, 2017

Cash flows from operating activities:

Cash received from HUD grants- operating	\$ 6,754,603
Cash received from other grants	54,382
Cash received from other operating activities	240,914
Cash payments for goods and services	(6,571,169)
Cash payments to employees-salaries	(510,710)
Cash payments to employees-compensated absences	(5,779)
Cash payments for employee benefit contributions	<u>(186,561)</u>

Net cash provided (used) by operating activities (224,320)

Cash flows from investing activities:

Interest and dividends	<u>1,866</u>
------------------------	--------------

Net cash provided (used) from investing activities 1,866

Net increase (decrease) in cash and cash equivalents (222,454)

Cash and cash equivalents at beginning of year 649,410

Adjustments to beginning cash- error correction 185,237

Cash and cash equivalents at beginning of year- adjusted 834,647

Cash and cash equivalents at end of year \$ 612,193

Cash and cash equivalents \$ 506,465

Restricted cash and cash equivalents 105,728

Total cash and cash equivalents at end of year \$ 612,193

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended March 31, 2017

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

Operating income (loss)	\$	(26,534)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		8,999
Allowance for doubtful accounts		23,300
Changes in assets and liabilities:		
Receivables		(35,558)
Prepaid expenses		138,222
Accounts and other payables		(325,524)
Unearned revenues		(6,015)
Compensated absences		(2,890)
Accrued expenses		<u>1,680</u>
Net cash provided (used) by operating activities	\$	<u>(224,320)</u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2017

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1c. Basis of Presentation (Continued)

Following is a description of the Authority's programs:

Program	Brief Description
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, 2017

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, 2017

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, 2017

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:

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

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.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2017

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, 2017, the Authority's bank balances of \$622,274, 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, 2017, 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	\$ 105,728	\$ ----	\$ 105,728
	<u>\$ 105,728</u>	<u>\$ ----</u>	<u>\$ 105,728</u>

3c. Accounts Receivable

Receivables detail at March 31, 2017, is as follows:

Fraud recovery	\$ 147,284
Allowance for doubtful accounts	<u>(143,944)</u>
Fraud recovery - net	3,340
Accounts receivable - HUD	18,042
Accounts receivable - other	<u>14,483</u>
	<u>\$ 35,865</u>

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2017

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

3d. Capital Assets

Capital asset activity for the year ended March 31, 2017, was as follows:

	<u>Balance April 1, 2016</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance March 31, 2017</u>
Furniture, equipment and machinery- administration	\$ 240,632	\$ -----	\$ -----	\$ 240,632
Accumulated depreciation	222,612	\$ 8,999	\$ -----	231,611
Total	<u>\$ 18,020</u>			<u>\$ 9,021</u>

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

3e. Accounts Payable

Accounts payable at March 31, 2017, consisted of accounts payable - vendors in the amount of \$1,459.

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at March 31, 2017 is \$34,581.

3g. Non-current Liabilities

As of March 31, 2017, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	\$ 11,199
Total	<u>\$ 11,199</u>

The following is a summary of changes in non-current liabilities for the year ended March 31, 2017:

	<u>Balance March 31, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2017</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ 12,478	\$ -----	\$ 1,279	\$ 11,199	\$ 23,382
Total	<u>\$ 12,478</u>	<u>\$ -----</u>	<u>\$ 1,279</u>	<u>\$ 11,199</u>	<u>\$ 23,382</u>

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2017

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

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.

NOTE 4 - Other Notes

4a. Employee Retirement Plan

The Housing Authority of the City of Lafayette participates through the City of Lafayette, Indiana in the PERF pension plan to provide pension benefits to all its eligible full time employees. The City of Lafayette plan is a defined benefit plan and the City is legally obligated for any additional expenses related to the Housing Authority's future pension liabilities, and therefore those liabilities are not presented within the Authority's audit financial statements. The Plan was established, is authorized and may be amended by the Authority's Board of Commissioners. Employees are eligible to participate after three months on continuous employment. The plan requires the Housing Authority of the City of Lafayette to contribute 11.2 percent of covered payroll and the employees to contribute 3.0 percent of covered payroll. The Housing Authority's contribution for each employee is fully vested after five years of continuous employment. Authority contributions forfeited by employees are used to pay administrative costs of the plan. The Authority accounts for pension costs as incurred.

For the year ended March 31, 2017, the following amounts related to the defined contribution plan:

Authority total payroll	\$ 512,390
Payroll for covered employees	\$ 461,104
Employer (Authority) contributions made	\$ 51,644
Employee contributions made - mandatory	\$ 13,616
Employee contributions made - voluntary	\$ 3,655

The Authority offers no other post employment benefits.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2017

NOTE 4 - Other Notes (Continued)

4b. 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:

Type of Loss	Method Managed
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.

4c. 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.

4d. Contingencies

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, 2017

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>		
	Low Income Public Housing <u>Major - Direct Program</u>		
2017	Housing Choice Vouchers	14.871	\$ <u>6,778,506</u>
	Total		\$ <u>6,778,506</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: 03/31/2017

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$506,465		\$506,465		\$506,465
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$105,728		\$105,728		\$105,728
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$612,193	\$0	\$612,193	\$0	\$612,193
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$18,042		\$18,042		\$18,042
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$13,565	\$918	\$14,483		\$14,483
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	\$147,284		\$147,284		\$147,284
128.1 Allowance for Doubtful Accounts - Fraud	-\$143,944		-\$143,944		-\$143,944
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$34,947	\$918	\$35,865	\$0	\$35,865
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$1,638		\$1,638		\$1,638
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: 03/31/2017

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$918		\$918		\$918
145 Assets Held for Sale					
150 Total Current Assets	\$849,698	\$918	\$850,614	\$0	\$850,614
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	-\$231,611		-\$231,611		-\$231,611
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$9,021	\$0	\$9,021	\$0	\$9,021
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	\$9,021	\$0	\$9,021	\$0	\$9,021
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$858,717	\$918	\$859,635	\$0	\$859,635

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2017

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$1,459		\$1,459		\$1,459
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$9,015		\$9,015		\$9,015
322 Accrued Compensated Absences - Current Portion	\$23,382		\$23,382		\$23,382
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
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					
347 Inter Program - Due To		\$918	\$918		\$918
348 Loan Liability - Current					
310 Total Current Liabilities	\$33,856	\$918	\$34,774	\$0	\$34,774
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	\$11,199		\$11,199		\$11,199
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: 03/31/2017

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	EUM	Total
357 Accrued Pension and OPEB Liabilities	\$0		\$0		\$0
350 Total Non-Current Liabilities	\$11,189	\$0	\$11,189	\$0	\$11,189
300 Total Liabilities	\$45,055	\$918	\$45,973	\$0	\$45,973
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$9,021		\$9,021		\$9,021
511.4 Restricted Net Position	\$105,728		\$105,728		\$105,728
512.4 Unrestricted Net Position	\$498,913	\$0	\$498,913		\$498,913
513 Total Equity - Net Assets / Position	\$613,662	\$0	\$613,662	\$0	\$613,662
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$658,717	\$918	\$659,635	\$0	\$659,635

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2017

	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
70800 HUD PHA Operating Grants	\$6,778,508		\$6,778,508		\$6,778,508
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		\$54,382	\$54,382		\$54,382
71100 Investment Income - Unrestricted	\$1,866		\$1,866		\$1,866
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$44,051		\$44,051		\$44,051
71500 Other Revenue	\$182,389	\$8,864	\$191,233		\$191,233
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$7,006,792	\$63,246	\$7,070,038	\$0	\$7,070,038
91100 Administrative Salaries	\$503,672	\$8,518	\$512,390		\$512,390

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2017

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
91200 Auditing Fees	\$7,000		\$7,000		\$7,000
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$186,561		\$186,561		\$186,561
91600 Office Expenses	\$95,640		\$95,640		\$95,640
91700 Legal Expense	\$6,932		\$6,932		\$6,932
91800 Travel	\$4,653		\$4,653		\$4,653
91810 Allocated Overhead					
91900 Other	\$17,978		\$17,978		\$17,978
91000 Total Operating - Administrative	\$822,636	\$9,518	\$831,154	\$0	\$831,154
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	\$6,755		\$6,755		\$6,755
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: 03/31/2017

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	ELIM	Total
93800 Other Utilities Expense					
93000 Total Utilities	\$6,755	\$0	\$6,755	\$0	\$6,755
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and	\$10,450		\$10,450		\$10,450
94300 Ordinary Maintenance and Operations Contracts					
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$10,450	\$0	\$10,450	\$0	\$10,450
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	\$1,142		\$1,142		\$1,142
96140 All Other Insurance	\$6,032		\$6,032		\$6,032
96100 Total insurance Premiums	\$7,174	\$0	\$7,174	\$0	\$7,174
96200 Other General Expenses	\$34,952	\$54,728	\$89,680		\$89,680
96210 Compensated Absences	\$2,889		\$2,889		\$2,889
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	-\$590		-\$590		-\$590
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: 03/31/2017

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	EUM	Total
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$37,251	\$54,728	\$91,979	\$0	\$91,979
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	\$884,268	\$63,246	\$947,512	\$0	\$947,512
97000 Excess of Operating Revenue over Operating Expenses	\$6,122,526	\$0	\$6,122,526	\$0	\$6,122,526
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$6,137,778		\$6,137,778		\$6,137,778
97350 HAP Portability-In	\$417		\$417		\$417
97400 Depreciation Expense	\$8,999		\$8,999		\$8,999
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$7,031,460	\$63,246	\$7,094,706	\$0	\$7,094,706
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: 03/31/2017

	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	-\$24,668	\$0	-\$24,668	\$0	-\$24,668
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$453,093	\$0	\$453,093		\$453,093
11040 Prior Period Adjustments, Equity Transfers and Correction	\$185,237		\$185,237		\$185,237
11050 Changes In Compensated Absence Balance					
11080 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	\$507,934		\$507,934		\$507,934
11180 Housing Assistance Payments Equity	\$105,728		\$105,728		\$105,728

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2017

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	EUM	Total
11190 Unit Months Available	14671		14671		14671
11210 Number of Unit Months Leased	14671		14671		14671
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, 2017, 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 November 2, 2017.

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
November 2, 2017

**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, 2017. 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, 2017.

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, 2017, 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 November 2, 2017, 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.

BRZ Sailor

Khan LLC

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
November 2, 2017

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS

March 31, 2017

The prior audit report for the year ended March 31, 2016 contained no significant deficiencies.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2017

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:

CFDA	
Number(s)	Name of Federal Program

14-871	Section 8 Housing Choice Vouchers
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Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended March 31, 2017 disclosed no Financial Statement audit findings.

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended March 31, 2017 disclosed no Federal Awards audit findings.

ACTION PLAN

The current audit report for the year ended March 31, 2017 disclosed no audit findings and consequently there is no action plan.

QUESTIONED COSTS

None