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January 9, 2020

Board of Directors  
Housing Authority of the City of Lafayette  
2601 Greenbush St.  
Lafayette, IN 47904

We have received the audit report of the Housing Authority of the City of Lafayette, which was opined upon by Barrale Renshaw Sailor Khan, LLC, Independent Public Accountant, for the period April 1, 2017 to March 31, 2018. *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, 2018 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, 2018  
AND  
REPORTS ON COMPLIANCE AND  
ON INTERNAL CONTROL

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
Lafayette, Indiana

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MARCH 31, 2018

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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, 2018, 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, 2018 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 vii 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 November 7, 2018 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.



Barrale Renshaw Sailor Khan, LLC  
St. Louis, Missouri  
November 7, 2018

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
**(Unaudited)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2018**

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, 2018. 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, 2018 by \$543,615.
- The Housing Authority's Investment in Capital Assets as of March 31, 2018 was \$436,550.
- The Housing Authority's total revenue including interest income for the fiscal year ended March 31, 2018 was \$7,259,110.
- The Housing Authority's total expenses for the fiscal year ended March 31, 2018 were \$7,329,157.
- The Housing Authority's total combined revenues less its total expenses March 31, 2018 was \$70,047.

**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).

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).

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
**(Unaudited)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2018**

**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 funds through a 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 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). The VASH program provides 23 vouchers to house homeless Veterans.

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 benefiting low-income people.

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
**(Unaudited)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2018**

**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 17 of this report.

**Statement of Net Position**

The following table represents a condensed comparative Statement of Net Position as of March 31, 2018 and 2017 respectively:

***Condensed Statements of Net Position***  
***March 31, 2018***

|                                | <u>2018</u>       | <u>2017</u>       | <u>Variances</u>   | <u>% of Change</u> |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| Cash                           | 260,972.00        | 543,968.00        | (282,996.00)       | -52%               |
| Other Current Assets           | 95,585.00         | 105,728.00        | (10,143.00)        | -10%               |
| Capital Assets                 | 436,550.00        | 9,021.00          | 427,529.00         | 4739%              |
| <b>Total Assets</b>            | <b>793,107.00</b> | <b>658,717.00</b> | <b>134,390.00</b>  | <b>20%</b>         |
| Current Liabilities            | 95,391.00         | 33,856.00         | 61,535.00          | 182%               |
| Long Term Liabilities          | 154,101.00        | 11,199.00         | 142,902.00         | 1276%              |
| <b>Total Liabilities</b>       | <b>249,492.00</b> | <b>45,055.00</b>  | <b>204,437.00</b>  | <b>454%</b>        |
| Net Position in Capital Assets | 436,550.00        | 9,021.00          | 427,529.00         | 4739%              |
| Restricted Net Position        | 95,297.00         | 105,728.00        | (10,431.00)        | -10%               |
| Unrestricted Net Position      | 11,768.00         | 498,913.00        | (487,145.00)       | -98%               |
| <b>Total Net Position</b>      | <b>543,615.00</b> | <b>613,662.00</b> | <b>(70,047.00)</b> | <b>-11%</b>        |

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 \$ 613,662 as of March 31, 2017, and \$543,615 as of March 31, 2018. The \$70,047 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.

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
**(Unaudited)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2018**

**FINANCIAL ANALYSIS (CONTINUED)**

Total Assets for FYE 2017 was \$658,717 and at FYE 2018 the amount was \$793,107. This represents a net increase of \$134,390.

Cash decreased by \$282,996 or 52%. The Cash decrease was due to the purchase and renovation of a new office building.

Other Current Assets decreased by \$10,143 or 10%. The decrease is due to a reduction in accounts receivable.

Capital Assets increased by \$427,529 or 4,739%. The increase is due to the purchase and renovation of a new office building.

Current Liabilities increased \$61,535 or 182%. This is a primarily due to an increase in accounts payable at the year end.

Non-Current Liabilities increased by \$142,902 or 1,276%. The increase is a direct result of the loan assumed to purchase the new office building.

**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, 2018 and 2017.

***Condensed Statements of Revenues, Expenses  
and Changes in Net Position  
Year End March 31, 2018***

| <b>Revenues and Contributions</b>              | <b>2018</b>         | <b>2017</b>         | <b>Dollar<br/>Change</b> | <b>% of Change</b> |
|--|---------------------|---------------------|--------------------------|--------------------|
| Operating non-operating capital contributions: |                     |                     |                          |                    |
| HUD Operating Grants                           | 6,990,463.00        | 6,778,506.00        | 211,957.00               | 3.1%               |
| Operating subsidiaries- other                  | -                   | 54,382.00           | (54,382.00)              | -100%              |
| Interest Income                                | 1,671.00            | 1,866.00            | (195.00)                 | -10%               |
| Other income                                   | 266,976.00          | 235,284.00          | 31,692.00                | 13%                |
| <b>Total Revenue and Contributions</b>         | <b>7,259,110.00</b> | <b>7,070,038.00</b> | <b>189,072.00</b>        | <b>3%</b>          |
| <b>Expenses</b>                                |                     |                     |                          |                    |
| Administrative                                 | 1,002,097.00        | 875,160.00          | 126,937.00               | 15%                |
| Operations and maintenace                      | 27,118.00           | 10,450.00           | 16,668.00                | 160%               |
| General Expense                                | 7,880.00            | 7,174.00            | 706.00                   | 10%                |
| Housing Assistance Payments                    | 6,247,947.00        | 6,192,923.00        | 55,024.00                | 1%                 |
| Depreciation Expense                           | 42,002.00           | 8,999.00            | 33,003.00                | 367%               |
| Interest Expense                               | 2,113.00            | 0.00                | 2,113.00                 | 0%                 |
| <b>Total Expenses</b>                          | <b>7,329,157.00</b> | <b>7,094,706.00</b> | <b>234,451.00</b>        | <b>3%</b>          |
| Change in Net Position                         | (70,047.00)         | (24,668.00)         | (45,379.00)              |                    |
| Beginning Net Position                         | 613,662.00          | 638,330.00          | (24,668.00)              |                    |
| Ending Net Position                            | 543,615.00          | 613,662.00          | (70,047.00)              |                    |

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
**(Unaudited)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2018**

Total revenues and contributions including interest income increased by \$189,072 for Fiscal Year March 31, 2018 to \$7,259,110 as compared to Fiscal Year Ending March 31, 2017 of \$7,070,038.

- HUD Operating Grants increased by \$211,957 or 3.1%. 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 \$31,692 or 13%. 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 \$234,451 for Fiscal Year March 31, 2018 to \$7,329,157 as compared to Fiscal Year Ending March 2017 of \$7,094,706. Changes by major expense category presented below.

- Administrative expenditures increased by \$126,937 or 15%. This increase is a result of a combination of several administration expenses.
- Ordinary Maintenance and Operations increased by \$16,668 or 160%. The increase is a result of new office building setup.
- General Expense increased \$706 or 10%. This decrease is a result of reduced premiums.
- Housing Assistance Payments increased by \$55,024 or 1% due to changes in resident rental configurations year-over-year.

**BUDGETARY HIGHLIGHTS**

For the year ended March 31, 2018, 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 had additions of \$469,531 in capital assets.

The Housing Authority Long-term debt consists of Notes Payable of \$148,482.

**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, 2018

**ASSETS**

Current Assets:

|                                      |    |         |
|--------------------------------------|----|---------|
| Cash and cash equivalents            | \$ | 54,216  |
| Investments                          |    | 176,199 |
| Receivable - net of allowances:      |    |         |
| Accounts                             |    | 29,619  |
| Prepaid expenses                     |    | 938     |
| Restricted cash and cash equivalents |    | 95,297  |
| Investments                          |    | 288     |
|                                      |    | <hr/>   |
| Total Current Assets                 |    | 356,557 |

Capital assets:

|   |  |         |
|---|--|---------|
| Other capital assets, net of depreciation |  | <hr/>   |
|   |  | 436,550 |
|   |  | <hr/>   |
| Total capital assets- net                 |  | 436,550 |
|   |  | <hr/>   |
| Total Assets                              |  | 793,107 |

**LIABILITIES**

Current Liabilities:

|                                      |  |        |
|--------------------------------------|--|--------|
| Accounts Payable                     |  | 59,682 |
| Accrued salaries, wages and benefits |  | 9,649  |
| Accrued compensated absences         |  | 21,185 |
| Current portion of long term debt    |  | 4,875  |
|                                      |  | <hr/>  |
| Total Current Liabilities            |  | 95,391 |

Noncurrent Liabilities:

|                              |  |         |
|------------------------------|--|---------|
| Long term debt               |  | 143,482 |
| Accrued compensated absences |  | 10,619  |
|                              |  | <hr/>   |
| Total Noncurrent Liabilities |  | 154,101 |
|                              |  | <hr/>   |
| Total Liabilities            |  | 249,492 |

**NET POSITION**

|                                  |    |                |
|----------------------------------|----|----------------|
| Net investment in capital assets |    | 436,550        |
| Restricted for:                  |    |                |
| HAP                              |    | 95,297         |
| Unrestricted                     |    | 11,768         |
|                                  |    | <hr/>          |
| Total Net Position               | \$ | <u>543,615</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, 2018

|   |                   |
|---|-------------------|
| <b>Operating Revenues:</b>                |                   |
| Operating subsidies- HUD grants           | \$ 6,990,463      |
| Other revenues                            | <u>266,976</u>    |
| Total operating revenues                  | <u>7,257,439</u>  |
| <b>Operating Expenses:</b>                |                   |
| Personal services                         | 679,589           |
| Utilities                                 | 9,091             |
| Operations and maintenance                | 27,118            |
| Insurance                                 | 7,880             |
| Other supplies and expenses               | 313,417           |
| Housing assistance payments               | 6,247,947         |
| Depreciation                              | <u>42,002</u>     |
| Total operating expenses                  | <u>7,327,044</u>  |
| Operating income (loss)                   | <u>(69,605)</u>   |
| <b>Non-operating revenues (expenses):</b> |                   |
| Interest and investment earnings          | 1,671             |
| Interest expense                          | <u>(2,113)</u>    |
| Net non-operating revenues (expenses)     | <u>(442)</u>      |
| Change in net position                    | (70,047)          |
| Net position at beginning of year         | <u>613,662</u>    |
| Net position at end of year               | <u>\$ 543,615</u> |

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

STATEMENT OF CASH FLOWS

For Year Ended March 31, 2018

|  |                   |
|--|-------------------|
| <b>Cash flows from operating activities:</b>                     |                   |
| Cash received from HUD grants- operating                         | \$ 7,001,211      |
| Cash received from other operating activities                    | 262,474           |
| Cash payments for goods and services                             | (6,552,485)       |
| Cash payments to employees-salaries                              | (489,886)         |
| Cash payments to employees-compensated absences                  | (4,275)           |
| Cash payments for employee benefit contributions                 | (187,571)         |
| Cash (payments) receipts for in lieu of property taxes           | <u>5,955</u>      |
| Net cash provided (used) by operating activities                 | <u>35,423</u>     |
| <b>Cash flows from capital and related financing activities:</b> |                   |
| Payments for capital assets                                      | (469,531)         |
| Principal paid on capital debt                                   | 148,357           |
| Interest paid on capital debt                                    | <u>(2,113)</u>    |
| Net cash (used) for capital and related financing activities     | <u>(323,287)</u>  |
| <b>Cash flows from investing activities:</b>                     |                   |
| Proceeds from sale of (payments) for investments                 | (176,487)         |
| Interest and dividends   | <u>1,671</u>      |
| Net cash provided (used) from investing activities               | <u>(174,816)</u>  |
| Net increase (decrease) in cash and cash equivalents             | (462,680)         |
| Cash and cash equivalents at beginning of year                   | <u>612,193</u>    |
| Cash and cash equivalents at end of year                         | <u>\$ 149,513</u> |
| Cash and cash equivalents  | \$ 54,216         |
| Restricted cash and cash equivalents                             | <u>95,297</u>     |
| Total cash and cash equivalents at end of year                   | <u>\$ 149,513</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, 2018

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

|  |    |                      |
|--|----|----------------------|
| Operating income (loss)  | \$ | (69,605)             |
| Adjustments to reconcile operating income (loss) to net cash provided<br>(used) by operating activities: |    |                      |
| Depreciation expense   |    | 42,002               |
| Allowance for doubtful accounts  |    | 41,100               |
| Changes in assets and liabilities:   |    |                      |
| Receivables  |    | (34,854)             |
| Prepaid expenses   |    | 700                  |
| Accounts and other payables  |    | 58,223               |
| Compensated absences   |    | (2,777)              |
| Accrued expenses   |    | <u>634</u>           |
| Net cash provided (used) by operating activities   | \$ | <u><u>35,423</u></u> |

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS

March 31, 2018

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

The Housing Authority of the City of Lafayette (Authority) is a Special Purpose Government entity established to provide low-rent housing, under the housing choice vouchers program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Authority complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**1a. Financial Reporting Entity**

The Housing Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Housing Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and GASB No. 61, "The Financial Reporting Entity," and includes all component units, if any, of which the Housing Authority appointed a voting majority of the units' board; the Housing Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

**1b. GASB Implementation**

The Housing Authority has implemented the Governmental Accounting Standards Board (GASB) Statements number 62, 63 and 65 for those audits with financial statements for periods beginning after December 15, 2011.

Governmental Accounting Standards Board (GASB) Statements 68 was implemented effective for fiscal years beginning June 15, 2014 and there after.

The Housing Authority has no deferred outflows of resources or deferred inflows of resources.

**1c. Basis of Presentation**

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, net position, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

**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 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, 2018

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

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

**Cash and Investments**

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.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2b. and 3a.

**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.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

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

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

**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.

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.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

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

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

**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."

**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.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

**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<br>State and Local | U.S. Department of Housing and Urban Development<br>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, 2018

**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, 2018, the Authority's bank balances of \$149,513, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

**Investments**

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of March 31, 2018, the Authority's investments were \$176,487. These investments were insured by federal depository insurance or registered, or securities held by the Authority or its agent in the Authority's name.

*Credit Risk Investments, Concentrations of Credit Risk and Interest Rate Risk - Investments:*

*Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority will minimize credit risk by reviewing the financial institutions with which the Authority will do business so that potential losses on individual securities will be minimized.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Authority will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements and investing operating funds primarily in shorter term securities.

*Concentration of Credit Risk* is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority does not have a written investment policy covering concentration of credit risk.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

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

3b. Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents as of March 31, 2018, are as follows:

| Type of Restricted Cash and Cash Equivalents | Cash<br>Including Time<br>Deposits | Investments   | Total            |
|--|------------------------------------|---------------|------------------|
| Unspent HAP subsidy                          | \$ 95,297                          | \$ 288        | \$ 95,585        |
|  | <u>\$ 95,297</u>                   | <u>\$ 288</u> | <u>\$ 95,585</u> |

3c. Accounts Receivable

Receivables detail at March 31, 2018, is as follows:

|                                 |                  |
|---------------------------------|------------------|
| Fraud recovery                  | \$ 185,365       |
| Allowance for doubtful accounts | (185,044)        |
| Fraud recovery - net            | 321              |
| Accounts receivable - HUD       | 7,294            |
| Accounts receivable - other     | 22,004           |
|                                 | <u>\$ 29,619</u> |

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

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

3d. Capital Assets

Capital asset activity for the year ended March 31, 2018, was as follows:

|   | <u>Balance<br/>April 1,<br/>2017</u> | <u>Additions</u>  | <u>(Deductions)</u> | <u>Balance<br/>March 31,<br/>2018</u> |
|---|--------------------------------------|-------------------|---------------------|---------------------------------------|
| Building  | \$ ----                              | \$ 469,531        | \$ ----             | \$ 469,531                            |
| Furniture, equipment and machinery-<br>administration | <u>240,632</u>                       | <u>----</u>       | <u>----</u>         | <u>240,632</u>                        |
|   | 240,632                              | <u>\$ 469,531</u> | <u>\$ ----</u>      | 710,163                               |
| Accumulated depreciation                              | <u>231,611</u>                       | <u>\$ 42,002</u>  | <u>\$ ----</u>      | <u>273,613</u>                        |
| Total   | <u>\$ 9,021</u>                      |                   |                     | <u>\$ 436,550</u>                     |

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

3e. Accounts Payable

Payable detail at March 31, 2018, is as follows:

|                                     |                  |
|-------------------------------------|------------------|
| Accounts payable - vendors          | \$ 53,727        |
| Accounts payable - other government | <u>5,955</u>     |
|                                     | <u>\$ 59,682</u> |

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at March 31, 2018 is \$31,804.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

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

3g. Non-current Liabilities

As of March 31, 2018, the non-current liabilities are comprised of the following:

|  |                         |
|--|-------------------------|
| Accrued compensated absences - non current portion | \$ <u>10,619</u>        |
| Total  | \$ <u><u>10,619</u></u> |

The following is a summary of changes in non-current liabilities for the year ended March 31, 2018:

|                              | <u>Balance<br/>March 31,<br/>2017</u> | <u>Additions</u>      | <u>Deductions</u>    | <u>Balance<br/>March 31,<br/>2018</u> | <u>Amounts<br/>Due within<br/>One Year</u> |
|------------------------------|---------------------------------------|-----------------------|----------------------|---------------------------------------|--|
| Accrued compensated absences | \$ <u>11,199</u>                      | \$ <u>----</u>        | \$ <u>580</u>        | \$ <u>10,619</u>                      | \$ <u>21,185</u>                           |
| Total                        | \$ <u><u>11,199</u></u>               | \$ <u><u>----</u></u> | \$ <u><u>580</u></u> | \$ <u><u>10,619</u></u>               | \$ <u><u>21,185</u></u>                    |

3h. Long-term Debt

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended March 31, 2018:

| Type of Debt  | <u>Balance<br/>March 31,<br/>2017</u> | <u>Additions</u>         | <u>Deductions</u>     | <u>Balance<br/>March 31,<br/>2018</u> | <u>Amounts<br/>Due within<br/>One Year</u> |
|---------------|---------------------------------------|--------------------------|-----------------------|---------------------------------------|--|
| Notes Payable | \$ <u>----</u>                        | \$ <u>143,482</u>        | \$ <u>----</u>        | \$ <u>143,482</u>                     | \$ <u>4,875</u>                            |
| Total         | \$ <u><u>----</u></u>                 | \$ <u><u>143,482</u></u> | \$ <u><u>----</u></u> | \$ <u><u>143,482</u></u>              | \$ <u><u>4,875</u></u>                     |

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

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

3h. Long-term Debt (Continued)

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2018, are as follows:

| <u>Project/Loan #</u>                  | <u>Date of Note</u> | <u>Term of Note</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Current Balance</u>   |
|--|---------------------|---------------------|------------------------|----------------------|--------------------------|
| Illinois Housing Development Authority | 11-7-17             | 20 years            | 150,000                | 4.375%               | \$ <u>148,367</u>        |
|  |                     |                     |                        |                      | \$ <u><u>148,367</u></u> |

| <u>Year Ended<br/>September 30,</u> | <u>Notes Payable</u>     |                         |
|-------------------------------------|--------------------------|-------------------------|
|                                     | <u>Principal</u>         | <u>Interest</u>         |
| 2019                                | \$ 4,875                 | \$ 6,394                |
| 2020                                | 5,092                    | 6,176                   |
| 2021                                | 5,320                    | 5,949                   |
| 2022                                | 5,557                    | 5,711                   |
| 2023                                | 5,805                    | 5,463                   |
| 2024-2028                           | 33,153                   | 23,191                  |
| 2029-2033                           | 41,243                   | 15,100                  |
| 2034-2038                           | <u>47,312</u>            | <u>5,059</u>            |
|                                     | \$ <u><u>148,357</u></u> | \$ <u><u>73,043</u></u> |

3i. 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.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

**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 ten 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, 2018, the following amounts related to the defined contribution plan:

|   |            |
|---|------------|
| Authority total payroll                 | \$ 490,520 |
| Payroll for covered employees           | \$ 480,007 |
| Employer (Authority) contributions made | \$ 53,734  |
| Employee contributions made - mandatory | \$ 14,400  |
| Employee contributions made - voluntary | \$ 2,847   |

The Authority offers no other post employment benefits.

**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:

| <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.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

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

**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**

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, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

| <u>Fiscal<br/>Year</u> | <u>Federal Grantor</u>           | <u>Federal<br/>CFDA No.</u> | <u>Expenditures</u> |
|------------------------|----------------------------------|-----------------------------|---------------------|
|                        | <u>U.S. Department of HUD</u>    |                             |                     |
|                        | <u>Low Income Public Housing</u> |                             |                     |
|                        | <u>Major - Direct Program</u>    |                             |                     |
| 2018                   | Housing Choice Vouchers          | 14.871                      | \$ <u>6,990,463</u> |
|                        | <b>Total</b>                     |                             | \$ <u>6,990,463</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: 03/31/2018

|  | 14.871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal   | Total      |
|--|-----------------------------------|---------------|------------|------------|
| 111 Cash - Unrestricted  | \$54,216                          |               | \$54,216   | \$54,216   |
| 112 Cash - Restricted - Modernization and Development          |                                   |               |            |            |
| 113 Cash - Other Restricted                                    | \$95,297                          |               | \$95,297   | \$95,297   |
| 114 Cash - Tenant Security Deposits                            |                                   |               |            |            |
| 115 Cash - Restricted for Payment of Current Liabilities       |                                   |               |            |            |
| 100 Total Cash   | \$149,513                         | \$0           | \$149,513  | \$149,513  |
| 121 Accounts Receivable - PHA Projects                         |                                   |               |            |            |
| 122 Accounts Receivable - HUD Other Projects                   | \$7,294                           |               | \$7,294    | \$7,294    |
| 124 Accounts Receivable - Other Government                     |                                   |               |            |            |
| 125 Accounts Receivable - Miscellaneous                        | \$20,369                          | \$1,635       | \$22,004   | \$22,004   |
| 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   | \$185,365                         |               | \$185,365  | \$185,365  |
| 128.1 Allowance for Doubtful Accounts - Fraud                  | -\$185,044                        |               | -\$185,044 | -\$185,044 |
| 129 Accrued Interest Receivable                                |                                   |               |            |            |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$27,984                          | \$1,635       | \$29,619   | \$29,619   |
| 131 Investments - Unrestricted                                 | \$176,199                         |               | \$176,199  | \$176,199  |
| 132 Investments - Restricted                                   | \$288                             |               | \$288      | \$288      |
| 135 Investments - Restricted for Payment of Current Liability  |                                   |               |            |            |
| 142 Prepaid Expenses and Other Assets                          | \$938                             |               | \$938      | \$938      |
| 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: 03/31/2018

|   | 14.871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal   | Total      |
|---|-----------------------------------|---------------|------------|------------|
| 143.1 Allowance for Obsolete Inventories                      |                                   |               |            |            |
| 144 Inter Program Due From                                    | \$1,635                           |               | \$1,635    | \$1,635    |
| 145 Assets Held for Sale                                      |                                   |               |            |            |
| 150 Total Current Assets                                      | \$356,557                         | \$1,635       | \$358,192  | \$358,192  |
| 161 Land  |                                   |               |            |            |
| 162 Buildings   | \$469,531                         |               | \$469,531  | \$469,531  |
| 163 Furniture, Equipment & Machinery - Dwellings              |                                   |               |            |            |
| 164 Furniture, Equipment & Machinery - Administration         | \$240,632                         |               | \$240,632  | \$240,632  |
| 165 Leasehold Improvements                                    |                                   |               |            |            |
| 166 Accumulated Depreciation                                  | -\$273,613                        |               | -\$273,613 | -\$273,613 |
| 167 Construction in Progress                                  |                                   |               |            |            |
| 168 Infrastructure  |                                   |               |            |            |
| 160 Total Capital Assets, Net of Accumulated Depreciation     | \$436,550                         | \$0           | \$436,550  | \$436,550  |
| 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                                  | \$436,550                         | \$0           | \$436,550  | \$436,550  |
| 200 Deferred Outflow of Resources                             |                                   |               |            |            |
| 290 Total Assets and Deferred Outflow of Resources            | \$793,107                         | \$1,635       | \$794,742  | \$794,742  |

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

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

|  | 14,871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal  | Total     |
|--|-----------------------------------|---------------|-----------|-----------|
| 311 Bank Overdraft   |                                   |               |           |           |
| 312 Accounts Payable <= 90 Days                                | \$53,727                          |               | \$53,727  | \$53,727  |
| 313 Accounts Payable >90 Days Past Due                         |                                   |               |           |           |
| 321 Accrued Wage/Payroll Taxes Payable                         | \$9,649                           |               | \$9,649   | \$9,649   |
| 322 Accrued Compensated Absences - Current Portion             | \$21,185                          |               | \$21,185  | \$21,185  |
| 324 Accrued Contingency Liability                              |                                   |               |           |           |
| 325 Accrued Interest Payable                                   |                                   |               |           |           |
| 331 Accounts Payable - HUD PHA Programs                        |                                   |               |           |           |
| 332 Account Payable - PHA Projects                             |                                   |               |           |           |
| 333 Accounts Payable - Other Government                        | \$5,955                           |               | \$5,955   | \$5,955   |
| 341 Tenant Security Deposits                                   |                                   |               |           |           |
| 342 Unearned Revenue   |                                   |               |           |           |
| 343 Current Portion of Long-term Debt - Capital                |                                   |               |           |           |
| 344 Current Portion of Long-term Debt - Operating Borrowings   | \$4,875                           |               | \$4,875   | \$4,875   |
| 345 Other Current Liabilities                                  |                                   |               |           |           |
| 346 Accrued Liabilities - Other                                |                                   |               |           |           |
| 347 Inter Program - Due To                                     |                                   | \$1,635       | \$1,635   | \$1,635   |
| 348 Loan Liability - Current                                   | \$0                               |               | \$0       | \$0       |
| 310 Total Current Liabilities                                  | \$95,391                          | \$1,635       | \$97,026  | \$97,026  |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage |                                   |               |           |           |
| 352 Long-term Debt, Net of Current - Operating Borrowings      | \$143,482                         |               | \$143,482 | \$143,482 |
| 353 Non-current Liabilities - Other                            |                                   |               |           |           |
| 354 Accrued Compensated Absences - Non Current                 | \$10,619                          |               | \$10,619  | \$10,619  |
| 355 Loan Liability - Non Current                               | \$0                               |               | \$0       | \$0       |
| 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: 03/31/2018

|   | 14.871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal  | Total     |
|---|-----------------------------------|---------------|-----------|-----------|
| 357 Accrued Pension and OPEB Liabilities                          |                                   |               |           |           |
| 350 Total Non-Current Liabilities                                 | \$154,101                         | \$0           | \$154,101 | \$154,101 |
| 300 Total Liabilities   | \$249,492                         | \$1,635       | \$251,127 | \$251,127 |
| 400 Deferred Inflow of Resources                                  |                                   |               |           |           |
| 508.4 Net Investment in Capital Assets                            | \$436,550                         |               | \$436,550 | \$436,550 |
| 511.4 Restricted Net Position                                     | \$95,297                          |               | \$95,297  | \$95,297  |
| 512.4 Unrestricted Net Position                                   | \$11,768                          | \$0           | \$11,768  | \$11,768  |
| 513 Total Equity - Net Assets / Position                          | \$543,615                         | \$0           | \$543,615 | \$543,615 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - | \$793,107                         | \$1,635       | \$794,742 | \$794,742 |

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

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

|   | 14.871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal    | Total       |
|---|-----------------------------------|---------------|-------------|-------------|
| 70300 Net Tenant Rental Revenue                         |                                   |               |             |             |
| 70400 Tenant Revenue - Other                            |                                   |               |             |             |
| 70500 Total Tenant Revenue                              | \$0                               | \$0           | \$0         | \$0         |
| 70600 HUD PHA Operating Grants                          | \$6,990,463                       |               | \$6,990,463 | \$6,990,463 |
| 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                                 |                                   |               |             |             |
| 70800 Other Government Grants                           |                                   |               |             |             |
| 71100 Investment Income - Unrestricted                  | \$1,383                           |               | \$1,383     | \$1,383     |
| 71200 Mortgage Interest Income                          |                                   |               |             |             |
| 71300 Proceeds from Disposition of Assets Held for Sale |                                   |               |             |             |
| 71310 Cost of Sale of Assets                            |                                   |               |             |             |
| 71400 Fraud Recovery                                    | \$41,502                          |               | \$41,502    | \$41,502    |
| 71500 Other Revenue                                     | \$110,307                         | \$115,167     | \$225,474   | \$225,474   |
| 71600 Gain or Loss on Sale of Capital Assets            |                                   |               |             |             |
| 72000 Investment Income - Restricted                    | \$288                             |               | \$288       | \$288       |
| 70000 Total Revenue                                     | \$7,143,943                       | \$115,167     | \$7,259,110 | \$7,259,110 |
| 91100 Administrative Salaries                           | \$490,520                         |               | \$490,520   | \$490,520   |

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

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

|  | 14.871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal  | Total     |
|--|-----------------------------------|---------------|-----------|-----------|
| 91200 Auditing Fees                                    | \$6,660                           |               | \$6,660   | \$6,660   |
| 91300 Management Fee                                   |                                   |               |           |           |
| 91310 Book-keeping Fee                                 |                                   |               |           |           |
| 91400 Advertising and Marketing                        |                                   |               |           |           |
| 91500 Employee Benefit contributions - Administrative  | \$187,571                         |               | \$187,571 | \$187,571 |
| 91600 Office Expenses                                  | \$112,431                         |               | \$112,431 | \$112,431 |
| 91700 Legal Expense                                    | \$7,747                           |               | \$7,747   | \$7,747   |
| 91800 Travel   | \$7,362                           |               | \$7,362   | \$7,362   |
| 91810 Allocated Overhead                               |                                   |               |           |           |
| 91900 Other  | \$10,186                          |               | \$10,186  | \$10,186  |
| 91000 Total Operating - Administrative                 | \$822,477                         | \$0           | \$822,477 | \$822,477 |
| 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       |
| 93100 Water  |                                   |               |           |           |
| 93200 Electricity                                      | \$9,091                           |               | \$9,091   | \$9,091   |
| 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: 03/31/2018

|   | 14.871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal  | Total     |
|---|-----------------------------------|---------------|-----------|-----------|
| 93800 Other Utilities Expense                               |                                   |               |           |           |
| 93000 Total Utilities                                       | \$9,091                           | \$0           | \$9,091   | \$9,091   |
| 94100 Ordinary Maintenance and Operations - Labor           |                                   |               |           |           |
| 94200 Ordinary Maintenance and Operations - Materials and   | \$27,118                          |               | \$27,118  | \$27,118  |
| 94300 Ordinary Maintenance and Operations Contracts         |                                   |               |           |           |
| 94500 Employee Benefit Contributions - Ordinary Maintenance |                                   |               |           |           |
| 94000 Total Maintenance                                     | \$27,118                          | \$0           | \$27,118  | \$27,118  |
| 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       |
| 96110 Property Insurance                                    | \$7,880                           |               | \$7,880   | \$7,880   |
| 96120 Liability Insurance                                   |                                   |               |           |           |
| 96130 Workmen's Compensation                                |                                   |               |           |           |
| 96140 All Other Insurance                                   |                                   |               |           |           |
| 96100 Total insurance Premiums                              | \$7,880                           | \$0           | \$7,880   | \$7,880   |
| 96200 Other General Expenses                                | \$53,864                          | \$115,167     | \$169,031 | \$169,031 |
| 96210 Compensated Absences                                  | \$1,498                           |               | \$1,498   | \$1,498   |
| 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: 03/31/2018

|  | 14.871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal    | Total       |
|--|-----------------------------------|---------------|-------------|-------------|
| 96600 Bad debt - Other   |                                   |               |             |             |
| 96800 Severance Expense  |                                   |               |             |             |
| <b>96000 Total Other General Expenses</b>                        | \$55,362                          | \$115,167     | \$170,529   | \$170,529   |
| 96710 Interest of Mortgage (or Bonds) Payable                    | \$2,113                           |               | \$2,113     | \$2,113     |
| 96720 Interest on Notes Payable (Short and Long Term)            |                                   |               |             |             |
| 96730 Amortization of Bond Issue Costs                           |                                   |               |             |             |
| <b>96700 Total Interest Expense and Amortization Cost</b>        | \$2,113                           | \$0           | \$2,113     | \$2,113     |
| <b>96900 Total Operating Expenses</b>                            | \$924,041                         | \$115,167     | \$1,039,208 | \$1,039,208 |
| <b>97000 Excess of Operating Revenue over Operating Expenses</b> | \$6,219,902                       | \$0           | \$6,219,902 | \$6,219,902 |
| 97100 Extraordinary Maintenance                                  |                                   |               |             |             |
| 97200 Casualty Losses - Non-capitalized                          |                                   |               |             |             |
| <b>97300 Housing Assistance Payments</b>                         | \$6,247,947                       |               | \$6,247,947 | \$6,247,947 |
| 97350 HAP Portability-In   |                                   |               |             |             |
| 97400 Depreciation Expense                                       | \$42,002                          |               | \$42,002    | \$42,002    |
| 97500 Fraud Losses   |                                   |               |             |             |
| 97600 Capital Outlays - Governmental Funds                       |                                   |               |             |             |
| 97700 Debt Principal Payment - Governmental Funds                |                                   |               |             |             |
| 97800 Dwelling Units Rent Expense                                |                                   |               |             |             |
| <b>90000 Total Expenses</b>                                      | \$7,213,990                       | \$115,167     | \$7,329,157 | \$7,329,157 |
| 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: 03/31/2018

|   | 14,871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal  | 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       |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total   | -\$70,047                         | \$0           | -\$70,047 | -\$70,047 |
| 11020 Required Annual Debt Principal Payments                   | \$0                               | \$0           | \$0       | \$0       |
| 11030 Beginning Equity  | \$613,662                         | \$0           | \$613,662 | \$613,662 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction |                                   |               |           |           |
| 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                                 | \$448,318                         |               | \$448,318 | \$448,318 |
| 11180 Housing Assistance Payments Equity                        | \$95,297                          |               | \$95,297  | \$95,297  |

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

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

|  | 14,871 Housing<br>Choice Vouchers | 2 State/Local | Subtotal | 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, 2018, 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 December 10, 2018.

**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.



Barrale Renshaw Sailor Khan, LLC  
St. Louis, Missouri  
November 7, 2018

**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, 2018. 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, 2018.

### **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, 2018, 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 December 10, 2018, 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.



Barrale Renshaw Sailor Khan, LLC

St. Louis, Missouri

November 7, 2018

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

**SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS**

March 31, 2018

The prior audit report for the year ended March 31, 2017 contained no significant deficiencies.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2018

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: | \$750,000 |
|--|-----------|

|  |     |
|--|-----|
| 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, 2018

**SECTION II - FINANCIAL STATEMENT FINDINGS**

The current audit report for the year ended March 31, 2018 disclosed no Financial Statement audit findings.

**SECTION III - FEDERAL AWARD FINDINGS**

The current audit report for the year ended March 31, 2018 disclosed no Federal Awards audit findings.

**ACTION PLAN**

The current audit report for the year ended March 31, 2018 disclosed no audit findings and consequently there is no action plan.

**QUESTIONED COSTS**

None