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February 8, 2021

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 Goldie Roberts, CPA, Independent Public Accountant, for the period April 1, 2019 to March 31, 2020. *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, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding included in the report on pages 36-37. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan immediately follows page 37.

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

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

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

AUDITED FINANCIAL STATEMENTS

Lafayette, Indiana

March 31, 2020

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
812-472-3527

HOUSING AUTHORITY
OF THE CITY OF
LAFAYETTE

Lafayette, Indiana
March 31, 2020

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Lafayette ("the Authority") which comprise the Statement of Net Position as of March 31, 2020, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Lafayette's 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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 Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vi be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

In regard to, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents, 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 5, 2021 on my consideration of the Housing Authority of the City of Lafayette's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Housing Authority of the City of Lafayette's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
January 5, 2021

**Housing Authority of the City of Lafayette
Lafayette, Indiana**

**Management's Discussion and Analysis
March 31, 2020**

This section of the Housing Authority of the City of Lafayette (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2020. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

The term "net position" refers to the difference between assets and liabilities. The Authority's total net position as of March 31, 2020 were \$678,293. The net position increased by \$67,978, an increase of 11% from the prior year.

Revenues and contributions for the Authority were \$7,836,430 for the year ended March 31, 2020. This was an increase of \$318,460 or 4.0% from the prior year.

Expenses for the Authority were \$7,808,365 for the year ended March 31, 2020. This was an increase of \$357,095 or 5.0% from the prior year.

HUD operating grants were \$7,457,169 for the year ended March 31, 2020. This was an increase of \$259,952 or 4.0% from the prior year.

BUDGETARY HIGHLIGHTS

For the year ended March 31, 2020, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. Also, the Authority adopted a comprehensive annual budget for the proprietary fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the excess of revenues over expenses, when adjusted by depreciation expense, the Authority's net position increased during the fiscal year. This increase is indicative of the Authority operating within its budgetary imitations in total, for all its programs.

MAJOR PROGRAMS

HOUSING VOUCHER CLUSTER

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.

Housing Authority of the City of Lafayette
Lafayette, Indiana

Management's Discussion and Analysis
March 31, 2020

MAJOR PROGRAMS (CONTINUED)

Mainstream program - vouchers enable families having a person with disabilities to lease affordable private housing of their choice. Mainstream program vouchers also assist persons with disabilities who often face difficulties in locating suitable and accessible housing on the private market. The Mainstream program provides 105 vouchers to disabled families.

Other Programs

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

Tenant Based Rental Assistance Vouchers (TBRA) - The Tenant Based Rental Assistance program funding is provided by HUD's Home funds through contract with the Lafayette Housing Consortium. TBRA vouchers provide the assistance to households for the first year on the program and then the household is transferred to the Section 8 Housing Choice Voucher program in a seamless manner. This allows the housing authority to assist an additional 12 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 38 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements, and the Notes to the Financial Statements. This report also contains the Financial Data Schedule (FDS) - HUD Prescribed Format as referenced in the section of Supplemental Information. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Housing Authority of the City of Lafayette
Lafayette, Indiana

Management's Discussion and Analysis
March 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) - HUD Prescribed Format as referenced in the section of Supplemental information. HUD has established Uniform Financial Reporting Standards that require Authorities to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2020 and is required to be included in the audit reporting package.

**Housing Authority of the City of Lafayette
Lafayette, Indiana**

**Management's Discussion and Analysis
March 31, 2020**

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$678,293 at the close of the year ended March 31, 2020 up from \$610,315 in 2019. The increase in net position of \$67,065 was due to increase current assets particular unrestricted cash and recognition of deferred outflow in accordance with GASB 68.

The unrestricted net position was \$333,612 as of March 31, 2020. This amount may be used to meet the Authority's ongoing obligations. The Authority had \$116,862 in net position classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

*Condensed Statements of Net Position
March 31, 2020*

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 468,893	\$ 414,361	\$ 54,532	13%
Capital assets	366,246	388,593	(22,347)	-6%
Deferred Outflow of Resources	39,913	-	39,913	100%
Total Assets	<u>875,052</u>	<u>802,954</u>	<u>72,098</u>	9%
Current liabilities	58,016	44,232	13,784	31%
Noncurrent liabilities	138,743	148,407	(9,664)	-7%
Total Liabilities	<u>196,759</u>	<u>192,639</u>	<u>4,120</u>	2%
Net Position				
Net investment in capital assets	227,819	388,593	(160,774)	-41%
Restricted HAP	116,862	158,120	(41,258)	-26%
Unrestricted	333,612	63,602	270,010	425%
Total Net Position	<u>\$ 678,293</u>	<u>\$ 610,315</u>	<u>\$ 67,978</u>	11%

**Housing Authority of the City of Lafayette
Lafayette, Indiana**

**Management's Discussion and Analysis
March 31, 2020**

FINANCIAL ANALYSIS (CONTINUED)

The largest portion of the Authority's net position reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

While the Statement of Net Position shows the change in financial position of net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

As can be seen in the table on the following page total revenues and contributions increased by \$318,460 due to increases in HUD operating grants and other income, which were slightly offset by a decrease in interest income.

*Condensed Statements of Revenues, Expenses
and Changes in Net Position
Year Ended March 31, 2020*

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating - non-operating -capital contributions:				
HUD operating grants	\$ 7,457,169	\$ 7,197,217	\$ 259,952	4%
Interest income	464	505	(41)	-8%
Other income	378,797	320,248	58,549	18%
Total Revenues and Contributions	<u>7,836,430</u>	<u>7,517,970</u>	<u>318,460</u>	4%
Expenses				
Personal services	743,771	674,599	69,172	10%
Utilities	8,053	8,079	(26)	0%
Operations and maintenance	27,798	32,751	(4,953)	-15%
Insurance	9,622	8,427	1,195	14%
Other supplies and expenses	202,689	233,672	(30,983)	-13%
Housing assistance payments	6,776,424	6,422,681	353,743	6%
Interest expense	6,160	6,393	(233)	-4%
Depreciation	<u>33,848</u>	<u>64,668</u>	<u>(30,820)</u>	-48%
Total Expenses	<u>7,808,365</u>	<u>7,451,270</u>	<u>357,095</u>	5%
Change in net position	28,065	66,700	(38,635)	
Beginning net position	610,315	543,615	66,700	
Change in accounting method	39,913	-	39,913	
Ending net position	<u>\$ 678,293</u>	<u>\$ 610,315</u>	<u>67,978</u>	

**Housing Authority of the City of Lafayette
Lafayette, Indiana**

**Management's Discussion and Analysis
March 31, 2020**

FINANCIAL ANALYSIS (CONTINUED)

Total expenses for the Authority increased by \$357,095 due to increases in personal services, insurance, and housing assistance payments, which were slightly offset by decreases in utilities, operations and maintenance, other supplies and expenses, interest expense and depreciation. Housing assistance payments increased primarily due to the number of vouchers being utilized by the Authority.

CAPITAL ASSETS

Capital Assets- The Authority of the City of Lafayette's investment in capital assets, as of March 31, 2020 amounts to \$366,246 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress.

*Capital Assets
Net of Accumulated Depreciation
March 31, 2020*

	2020	2019	Dollar Change
Land	\$ 193,900	\$ -	\$ 193,900
Building	275,631	469,531	(193,900)
Furniture, equipment and machinery-	268,844	257,343	11,501
	738,375	726,874	11,501
Accumulated depreciation	372,129	338,281	33,848
Total	\$ 366,246	\$ 388,593	\$ (22,347)

The total decrease in the Authority's capital assets for the current fiscal year was \$22,347 or 6.0% of net book value. Actual expenditures to purchase equipment and construct capital assets were \$11,501 for the year, additional information can be found in the notes to financial statements.

**Housing Authority of the City of Lafayette
Lafayette, Indiana**

**Management's Discussion and Analysis
March 31, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the Federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2021 federal budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Michelle Reynolds, Executive Director, Lafayette Housing Authority, 2601 Greenbush Street, Lafayette, Indiana 47904, (765) 771-1300.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, INDIANA

STATEMENT OF NET POSITION

MARCH 31, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$ 275,642
Restricted cash and cash equivalents	116,862
Accounts receivable, net	74,835
Prepaid insurance	1,554
Total Current Assets	468,893

Capital Assets:

Land and other non-depreciable assets	193,900
Depreciable capital assets, net	172,346
Total Capital Assets	366,246

Total Assets 835,139

Deferred outflow of resources

Pension related	<u>39,913</u>
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Total Assets and Deferred Outflow of Resources 875,052

LIABILITIES

Current liabilities

Accounts payable	11,687
Accrued liabilities	41,237
Loan Liability - Current	5,092
Total Current Liabilities	58,016

Noncurrent Liabilities

Loan Liability - Non Current	133,335
Accrued compensated absences	5,408
Total Noncurrent Liabilities	138,743

Total Liabilities 196,759

Deferred inflow of resources

Pension related	<u>0</u>
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NET POSITION

Investment in capital assets	227,819
Restricted	231,711
Unrestricted	218,763
Total Net Position	\$ 678,293

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, INDIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED MARCH 31, 2020

OPERATING REVENUES

Federal operating grants	\$ 7,457,169
Other income	378,797
	7,835,966

TOTAL OPERATING REVENUE 7,835,966

OPERATING EXPENSES

Administrative	890,898
Tenant services	0
Utilities	8,053
Ordinary maintenance and operation	27,798
General expense	101,518
Housing assistance payments	6,776,424
Fraud losses	(36,334)
Depreciation expense	33,848
	33,848

TOTAL OPERATING EXPENSES 7,802,205

OPERATING INCOME (LOSS) 33,761

NONOPERATING REVENUES

Interest income	464
Interest expense	(6,160)
	(6,160)

TOTAL NONOPERATING REVENUES (5,696)

CHANGE IN NET ASSETS 28,065

TOTAL NET POSITION - BEGINNING OF YEAR,
as originally stated 610,315

Change in accounting method 39,913

TOTAL NET POSITION - BEGINNING OF YEAR,
as restated 650,228

NET POSITION - END OF YEAR \$ 678,293

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, INDIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	415,131
Payments to vendors		(253,037)
Payments to landlords		(6,776,424)
Payments to employees		(802,931)
Net Cash Used by Operating Activities		(7,417,261)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Net Cash Flows Provided (Used)		
by Noncapital Financing Activities		0

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments on long term debt		(5,055)
Acquisition and construction of capital assets		(11,501)
Net Cash Flows Provided (Used)		(16,556)
by Capital and Related Financing Activities		(16,556)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		(464)
Net Cash Provided (Used) from Investing Activities		(464)

Net Increase (Decrease) in Cash and Cash Equivalents		22,888
Cash - Beginning of year		369,616
Cash - End of year	\$	392,504

Reconciliation of Cash		
Unrestricted	\$	275,642
Restricted		116,862
Total Cash and Cash Equivalents	\$	392,504

Continued

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, INDIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020
(CONTINUED)

RECONCILIATION OF OPERATING (LOSS) TO
NET CASH USED BY OPERATING ACTIVITIES

Operating income (loss)	\$	33,761
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation		33,848
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(31,681)
Prepaid expenses		37
Increase (Decrease) in:		
Accounts payable		(4,247)
Accrued liabilities		(3,732)
Accrued compensated absences		11,922
Net Cash Flows Provided (Used) by Operating Activities	\$	<u>39,908</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE A - Summary of Significant Accounting Policies:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF LAFAYETTE ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The HOUSING AUTHORITY OF THE CITY OF LAFAYETTE is a political subdivision both corporate and politic and was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into an annual contributions contract with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a Section 8 Program (Contract No. IN-071).

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Lafayette, a primary government. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the HOUSING AUTHORITY OF THE CITY OF LAFAYETTE include the following:

The authority had 1,259 units in management at March 31, 2020:

<u>Project</u>	<u>Units</u>
Section 8 Vouchers	1,226
Mainstream Vouchers	33

Basis of Presentation and Accounting: In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following net position categories:

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

Restricted: Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

Accounting Policies - The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of Enterprise Accounting - The Authority presents its financial statements using enterprise accounting, as allowed by governments. Although the Authority accounts for its programs using accounts for its internal reporting, the Authority is considered to be a unified enterprise fund for reporting purposes. Accordingly, the Authority uses the economic resources measurement focus and the related accrual basis of accounting. Under the economic resources measurement focus, the Authority accounts for all assets and liabilities. Under the accrual basis of accounting expenses are recorded when the goods and services are received, irrespective of when paid for, and revenues are recorded as earned, irrespective of when cash is received.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Budgets - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle.

Budget compared to actual presentation has been omitted because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board. This budget does not represent an appropriated budget that has been signed into law or a non appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Deposits consist of Checking and Savings accounts and Certificate of Deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

For the purpose of the Statement of Cash Flows, the Authority considers all highly liquid deposits (including restricted assets) with a maturity of three months or less when purchased and non negotiable Certificates of Deposit to be cash equivalents. There were no non cash investing, non capital, capital and financing activities during the year.

State statutes authorize the Housing Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restriction apply to all investments made by political subdivisions.

Tenant Receivables - Receivables (if any) for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepaids represent payments made to vendors for services that will benefit beyond March 31, 2020.

Inventories - Inventories (if any) are valued at cost, which approximates market value, using the first-in/first/out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Capital Assets - Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs. The Authority's policy is to capitalize assets costing \$2,500 or more.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Buildings and improvements	10-39 years
Maintenance and Office equipment	5-10 years

Compensated Absences - Compensated absences (if any) are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Restricted Assets - When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, and then restricted resources as they are allowed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

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

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

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At March 31, 2020, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

B. **Credit Risk:** This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

C. **Custodial Credit Risk:** This 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 held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

Deposits made in accordance with state statute (Indiana Code 5-13) with financial institutions in the State of Indiana should be covered to the extent not cover by insurance of any federal deposit insurance agency.

The carrying amounts of the Authority's cash deposits were \$392,504 at March 31, 2020. Bank balances before reconciling items were \$401,801 at that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name.

Deposits consist of the following:

Checking & Savings accounts	<u>\$ 392,504</u>
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HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE C - Accounts Receivable:

Accounts receivable at March 31, 2020, consist of the following:

Accounts receivable - HUD other projects	\$ 36,953
Accounts receivable - fraud recovery, net of allowance \$204,565	<u>37,882</u>
Total	<u>\$ 74,835</u>

NOTE D - Prepaid Expenses:

Prepaid expenses at March 31, 2020, consist of the following:

Prepaid insurance	<u>\$ 1,554</u>
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NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	<u>Beginning Balance 03/31/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance 03/31/20</u>
Capital assets, not being depreciated:					
Land	\$ 0	\$ 0	\$ 0	\$ 193,900	\$ 193,900
Total Capital Assets, Not being depreciated	<u>0</u>	<u>0</u>	<u>0</u>	<u>193,900</u>	<u>193,900</u>
Capital Assets, being depreciated:					
Buildings					
Improvements	469,531	0	0	(193,900)	275,631
Furniture, Equipment & Machinery	<u>257,343</u>	<u>11,501</u>	<u>0</u>	<u>0</u>	<u>268,844</u>
Total Capital Assets, being depreciated	<u>726,874</u>	<u>11,501</u>	<u>0</u>	<u>(193,900)</u>	<u>544,475</u>
Less Accumulated Depreciation:	<u>(338,281)</u>	<u>(33,848)</u>	<u>0</u>	<u>0</u>	<u>(372,129)</u>
Total Capital Assets being depreciated, net	<u>388,593</u>	<u>(22,347)</u>	<u>0</u>	<u>(193,900)</u>	<u>172,346</u>
Capital Assets, Net	<u>\$ 388,593</u>	<u>\$ (22,347)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 366,246</u>

For the year ended March 31, 2020, depreciation expense in the amount of \$33,848 was recorded.

The Authority corrected the Land classification.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020
(Continued)

NOTE F - Accounts Payable:

Accounts payable at March 31, 2020, consist of the following:

Vendors' accounts payable	\$ <u>11,687</u>
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NOTE G - Accrued liabilities:

Accrued liabilities at March 31, 2020, consist of the following:

Accrued wages	\$ 13,400
Accrued compensated absences	<u>27,837</u>
Total	<u>\$ 41,237</u>

NOTE H - Noncurrent Liabilities:

Noncurrent liabilities at March 31, 2020, consist of the following:

	<u>03/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/20</u>	<u>Due within one year</u>	<u>Total</u>
Noncurrent portion compensated absences	<u>\$ 10,017</u>	<u>\$ 0</u>	<u>\$ (4,609)</u>	<u>\$ 5,408</u>	<u>\$ 27,837</u>	<u>\$33,245</u>

NOTE I - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended March 31, 2020 were as follows:

Housing Choice Vouchers	\$ 7,226,584
Mainstream Vouchers	<u>230,585</u>
Total	<u>\$ 7,457,169</u>

NOTE J - Commitments and Contingencies:

Litigation: The Authority is party to various pending or threatened legal actions arising from the normal course of operations. There are no pending significant legal proceedings to which the Authority is a party for which management believes the ultimate outcome would have a material adverse effect on the Authority's financial position.

Examinations: The Authority is subject to possible examinations made 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. There were no examinations during the year ended March 31, 2020.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE K - Long-Term Debt:

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2020 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>
Security Federal Savings Bank	11-7-17	20 years	150,000	4.375%	<u>\$138,427</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,325	\$ 5,943	\$ 11,268
2022	5,561	5,707	11,268
2023	5,810	5,458	11,268
2024	6,069	5,199	11,268
2025	6,339	4,929	11,268
2026-2030	36,196	20,144	56,340
2031-2035	45,019	11,321	56,340
2036-2038	<u>28,108</u>	<u>1,940</u>	<u>30,048</u>
Total	<u>\$ 138,427</u>	<u>\$ 60,641</u>	<u>\$ 199,068</u>

NOTE L - Employee Retirement:

Cost-sharing Multiple-Employer Defined Benefit Pension Plan

Plan description:

The primary government (City of Lafayette) contributes to the Public Employees Retirement Fund (PERF), a defined benefit pension plan administered by the Indiana Public Retirement System (INPRS). The Housing Authority of the City of Lafayette's (Authority) participation in the plan is through the City of Lafayette which includes the Authority's employees in their own contributions based on a formal agreement between the Authority and the City which creates a special funding situation for the Authority. PERF is a cost-sharing multiple-employer public employee retirement system which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through INPRS, most requirements of the system and give the City authority to contribute to the plan. INPRS is considered a component unit of the State of Indiana and is included in the State's financial reports as a pension trust fund. INPRS issues a publicly available financial report that includes financial statements and requirement supplementary information. That report is available on INPRS website at <https://www.in.gov/inprs/>.

Benefits provided:

These plans provide retirement, disability and survivor benefits for public employees not covered by the 1977 Police Officers' and Firefighters' Pension and Disability Fund. The Indiana Code, Title 5, Articles 10.2 and 10.3, as amended only by the Indiana General Assembly, identifies the benefit provisions and establishes

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE L - Employee Retirement: (continued)

the authority under which members and employers are obligated to contribute to the plan. The City and the Authority have the option to participate in two different plans for non-Public Safety positions: the PERF Hybrid Plan and the My-Choice Retirement Savings Plan. The City and Authority participate in the PERF Hybrid Plan, which consists of two components, a monthly, employer funded defined benefit component and a member-funded defined contribution account. For the defined benefit component, retirement benefits for employees are calculated as years of credible service times the average highest 20 quarters of salary times 1.1 percent. Normal retirement ages are 65 and 10 years (eight years for certain elected officials) of creditable service, age 60 and 15 years of creditable service, and age 55 if age and creditable service total at least 85, with early retirement at 50 with 15 years of service. Vesting period is 10 years. Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are granted by the Indiana General Assembly on an ad hoc basis. For the defined contribution component of the Hybrid plan, an employee who leaves service may withdraw his or her Annuity Savings Account contributions, plus any accumulated interest. The City and Authority are currently not participants in the PERF My-Choice Retirement Savings Plan.

Contributions:

Per Indiana Code, Title 5, Articles 10.2 and 10.3, the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 3 percent of their annual wages. The City's required contribution rate for the year ended March 31, 2020 was 11.2 percent of annual payroll for the PERF Hybrid plan. Contributions to the plan from the City on behalf of the Authority were \$53,229 for the year-ended March 31, 2020.

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions:

Net Pension Liabilities: The net pension liability (NPL) was measured as of June 30, 2019. At June 30, 2019 the City of Lafayette reported an NPL of \$12,109,753.

Authority's Proportionate Share of Net Pension Liability: The amount of the proportionate share of the net pension liability to be recognized by the Authority is \$0. The proportionate share of the City's net pension liability associated with the Authority is \$301,485 or 2.49 percent. This amount is not recognized in the Authority's financial statements. The net pension liability and the total pension liability as of June 30, 2019 was determined based on the June 30, 2019, actuarial valuation. The basis of allocation used in the proportionate share of the net pension liability is the actual reported pensionable wages reported to PERF during fiscal year 2019.

Pension Expense: At June 30, 2019, the City reported a collective net pension expense of \$2,267,172.

Authorities Proportionate Share of Pension Expense: The Authority's proportionate share of collective pension expense is recognized as revenue with a matching expense in the Statement of Revenues and Expenses. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable wages reported to PERF during fiscal year 2019. As a result, the Authority recognized revenue and pension expense of \$56,444 from this special funding situation during the year ended March 31, 2020.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE L - Employee Retirement: (continued)

Authority's Deferral of Contributions Subsequent to the Measurement Date: The Authority paid \$39,913 in reimbursements of employer contributions for the period July 1, 2019 through March 31, 2020. These contributions were made subsequent to the pension liability measurement date June 30, 2019 and are recognized as deferred outflows of resources as of March 31, 2020.

Actuarial Assumptions (PERF Hybrid Plan)

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Measurement date	June 30, 2019
Valuation date	
Assets	June 30, 2019
Liabilities	June 30, 2018, rolled forward to June 30, 2019
Actuarial cost method	Entry age normal - level percent of payroll
Asset valuation method	Five-year smoothing of gains and losses on the market value of assets subject to a 20% corridor
Discount rate	6.75%, net of investment expenses
Amortization method	20-year level dollar closed method (30 years for layers established prior to June 30, 2016)
Inflation	2.25%
Future salary increases	2.50% - 4.25%, based on age
Cost-of-living increases	In lieu of a COLA on January 1, 2020 and 2021, members in pay were provided a 13th check on October 1, 2019 and 2020. Thereafter, the following COLAs, compounded annually were assumed: 0.4% beginning January 1, 2022 0.5% beginning January 1, 2034 0.6% beginning January 1, 2039
Mortality assumption:	
Healthy	RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report
Disabled	RP-2014 (with MP-2014 improvement removed) Disability Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee Report
Experience study	The most recent comprehensive experience study was completed in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2015 actuarial valuation based on the results of the study.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE L - Employee Retirement: (continued)

Assumption Changes (PERF Hybrid Plan)

The actuarial assumptions used in the Public Employees Retirement Fund (PERF) were the same assumptions used in the 2018 valuations, except for the PERF COLA assumption. The PERF COLA assumption now assumes that the COLA will be replaced by a 13th check for 2020 only and not 2021.

Investment Rate of Return (PERF Hybrid Plan)

Best estimates of arithmetic real rates of return as of the June 30, 2019 measurement date for PERF and for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Public entity	22%	4.9%
Private entity	14%	7.0%
Fixed income - ex inflation-linked	20%	2.5%
Fixed income - inflation-linked	7%	1.3%
Commodities	8%	2.0%
Real estate	7%	6.7%
Absolute return	10%	2.9%
Risk parity	12%	5.3%
Total	<u>100%</u>	

Discount Rate (PERF Hybrid Plan)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation update.

The discount rate used to measure the total pension liability is 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at the greater of 11.2% of covered payroll or a rate equal to the actuarially determined contribution rate. Based on those assumptions, PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE M - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management which includes public officials, workman's compensation, and auto insurance. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

NOTE N - Economic Dependency:

The Authority receives approximately 99% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE O - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through January 5, 2021 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE P - Change in Accounting Method:

The Housing Authority has recorded their participation in the Indiana Public Employees retirement plan in accordance with GASB 68. The Authority was required by GASB 68 to make the entries for a special funding situation. The Housing Authority of the City of Lafayette participates through the City of Lafayette. The amount of the entry is \$39,913 to record the deferred outflow of resources on the books in accordance with the change in accounting method.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, INDIANA

COMBINING SCHEDULE OF PROGRAM NET POSITION
MARCH 31, 2020

	ACC		
	IN071	IN071	
	Section 8 Housing Choice Vouchers	Section 8 Mainstream Vouchers	State / Local
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 275,642	\$ 0	\$ 0
Restricted cash and cash equivalents	71,285	45,577	0
Accounts receivable, net	37,882	0	36,953
Prepaid insurance	1,554	0	0
Interfund	32,737	0	0
Total Current Assets	419,100	45,577	36,953
<u>Capital Assets:</u>			
Land and other non-depreciable assets	193,900	0	0
Depreciable capital assets, net	172,346	0	0
Total Capital Assets	366,246	0	0
Total Assets	785,346	45,577	36,953
<u>Deferred outflow of resources</u>			
Pension related	31,350	0	8,563
Total Assets and Deferred Outflow of Resources	816,696	45,577	45,516
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	7,471	0	4,216
Accrued liabilities	41,237	0	0
Interfund	0	0	32,737
Loan Liability - Current	5,092	0	0
Total Current Liabilities	53,800	0	36,953
<u>Noncurrent Liabilities</u>			
Loan Liability - Non Current	133,335	0	0
Accrued compensated absences	5,408	0	0
Total Noncurrent Liabilities	138,743	0	0
Total Liabilities	192,543	0	36,953
<u>Deferred inflow of resources</u>			
Pension related	0	0	0
<u>NET POSITION</u>			
Investment in capital assets	227,819	0	0
Restricted	186,134	45,577	0
Unrestricted	210,200	0	8,563
Total Net Position	\$ 624,153	\$ 45,577	\$ 8,563

<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 275,642
0	116,862
0	74,835
0	1,554
<u>(32,737)</u>	<u>0</u>
<u>(32,737)</u>	<u>468,893</u>
0	193,900
<u>0</u>	<u>172,346</u>
<u>0</u>	<u>366,246</u>
<u>(32,737)</u>	<u>835,139</u>
<u>0</u>	<u>39,913</u>
<u>(32,737)</u>	<u>875,052</u>
0	11,687
0	41,237
<u>(32,737)</u>	<u>0</u>
<u>0</u>	<u>5,092</u>
<u>(32,737)</u>	<u>58,016</u>
0	133,335
<u>0</u>	<u>5,408</u>
<u>0</u>	<u>138,743</u>
<u>(32,737)</u>	<u>196,759</u>
<u>0</u>	<u>0</u>
0	227,819
0	231,711
0	218,763
<u>\$ 0</u>	<u>\$ 678,293</u>

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, INDIANA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND PROGRAM CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED MARCH 31, 2020

	<u>ACC</u> <u>IN071</u>	<u>ACC</u> <u>IN071</u>		
	Section 8 Housing Choice Vouchers	Section 8 Mainstream Vouchers	State / Local	<u>Total</u>
<u>OPERATING REVENUES</u>				
Federal operating grants	\$ 7,226,584	\$ 230,585	\$ 0	\$ 7,457,169
Other income	79,688	0	299,109	378,797
TOTAL OPERATING REVENUE	<u>7,306,272</u>	<u>230,585</u>	<u>299,109</u>	<u>7,835,966</u>
<u>OPERATING EXPENSES</u>				
Administrative	655,846	16,783	218,269	890,898
Tenant services	0	0	0	0
Utilities	8,053	0	0	8,053
Ordinary maintenance and operation	26,016	0	1,782	27,798
General expense	22,460	0	79,058	101,518
Housing assistance payments	6,608,199	168,225	0	6,776,424
Fraud losses	(36,334)	0	0	(36,334)
Depreciation expense	33,848	0	0	33,848
TOTAL OPERATING EXPENSES	<u>7,318,088</u>	<u>185,008</u>	<u>299,109</u>	<u>7,802,205</u>
OPERATING INCOME (LOSS)	<u>(11,816)</u>	<u>45,577</u>	<u>0</u>	<u>33,761</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest income	464	0	0	464
Interest expense	(6,160)	0	0	(6,160)
TOTAL NONOPERATING REVENUES	<u>(5,696)</u>	<u>0</u>	<u>0</u>	<u>(5,696)</u>
CHANGE IN NET POSITION	<u>(17,512)</u>	<u>45,577</u>	<u>0</u>	<u>28,065</u>
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	<u>610,315</u>	<u>0</u>	<u>0</u>	<u>610,315</u>
Change in accounting method	<u>31,350</u>	<u>0</u>	<u>8,563</u>	<u>39,913</u>
TOTAL NET POSITION - BEGINNING OF YEAR, as restated	<u>641,665</u>	<u>0</u>	<u>8,563</u>	<u>650,228</u>
NET POSITION, END OF YEAR	<u>\$ 624,153</u>	<u>\$ 45,577</u>	<u>\$ 8,563</u>	<u>\$ 678,293</u>

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

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	14.871 Housing Choice Vouchers	2 State/Local	14.879 Mainstream Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$275,642			\$275,642		\$275,642
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted	\$71,285		\$45,577	\$116,862		\$116,862
114 Cash - Tenant Security Deposits						
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$346,927	\$0	\$45,577	\$392,504	\$0	\$392,504
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government		\$36,953		\$36,953		\$36,953
125 Accounts Receivable - Miscellaneous		\$0		\$0		\$0
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	\$242,447			\$242,447		\$242,447
128.1 Allowance for Doubtful Accounts - Fraud	-\$204,565			-\$204,565		-\$204,565
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$37,882	\$36,953	\$0	\$74,835	\$0	\$74,835
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$1,554			\$1,554		\$1,554
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From	\$32,737			\$32,737	-\$32,737	\$0
145 Assets Held for Sale						

150 Total Current Assets	\$419,100	\$36,953	\$45,577	\$501,630	-\$32,737	\$468,893
161 Land	\$193,900			\$193,900		\$193,900
162 Buildings	\$275,631			\$275,631		\$275,631
163 Furniture, Equipment & Machinery - Dwellings						
164 Furniture, Equipment & Machinery - Administration	\$268,844			\$268,844		\$268,844
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$372,129			-\$372,129		-\$372,129
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$366,246	\$0	\$0	\$366,246	\$0	\$366,246
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$366,246	\$0	\$0	\$366,246	\$0	\$366,246
200 Deferred Outflow of Resources	\$31,350	\$8,563		\$39,913		\$39,913
290 Total Assets and Deferred Outflow of Resources	\$816,696	\$45,516	\$45,577	\$907,789	-\$32,737	\$875,052
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$7,471	\$4,216		\$11,687		\$11,687
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$13,400			\$13,400		\$13,400
322 Accrued Compensated Absences - Current Portion	\$27,837			\$27,837		\$27,837
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits						
342 Unearned Revenue						
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						

345 Other Current Liabilities						
346 Accrued Liabilities - Other						
347 Inter Program - Due To		\$32,737		\$32,737	-\$32,737	\$0
348 Loan Liability - Current	\$5,092			\$5,092		\$5,092
310 Total Current Liabilities	\$53,800	\$36,953	\$0	\$90,753	-\$32,737	\$58,016
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0			\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$5,408			\$5,408		\$5,408
355 Loan Liability - Non Current	\$133,335			\$133,335		\$133,335
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$138,743	\$0	\$0	\$138,743	\$0	\$138,743
300 Total Liabilities	\$192,543	\$36,953	\$0	\$229,496	-\$32,737	\$196,759
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$227,819			\$227,819		\$227,819
511.4 Restricted Net Position	\$71,285		\$45,577	\$116,862		\$116,862
512.4 Unrestricted Net Position	\$325,049	\$8,563	\$0	\$333,612		\$333,612
513 Total Equity - Net Assets / Position	\$624,153	\$8,563	\$45,577	\$678,293	\$0	\$678,293
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$816,696	\$45,516	\$45,577	\$907,789	-\$32,737	\$875,052

Housing Authority of the City of Lafayette (IN071)
Lafayette, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2020

	14.871 Housing Choice Vouchers	2 State/Local	14.879 Mainstream Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue						
70400 Tenant Revenue - Other						
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0		\$0
70600 HUD PHA Operating Grants	\$7,226,584		\$230,585	\$7,457,169		\$7,457,169
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	\$464			\$464		\$464
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	\$32,160			\$32,160		\$32,160
71500 Other Revenue	\$47,528	\$299,109		\$346,637		\$346,637
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$7,306,736	\$299,109	\$230,585	\$7,836,430		\$7,836,430
91100 Administrative Salaries	\$345,904	\$143,902	\$16,783	\$506,589		\$506,589
91200 Auditing Fees	\$6,810			\$6,810		\$6,810
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing	\$1,951			\$1,951		\$1,951
91500 Employee Benefit contributions - Administrative	\$199,478	\$54,487		\$253,965		\$253,965
91600 Office Expenses	\$91,640	\$668		\$92,308		\$92,308

91700 Legal Expense	\$1,987	\$3,731		\$5,718	\$5,718
91800 Travel	\$3,796	\$2,673		\$6,469	\$6,469
91810 Allocated Overhead					
91900 Other	\$4,280	\$12,808		\$17,088	\$17,088
91000 Total Operating - Administrative	\$655,846	\$218,269	\$16,783	\$890,898	\$890,898
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water					
93200 Electricity	\$8,053			\$8,053	\$8,053
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$8,053	\$0	\$0	\$8,053	\$8,053
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and Other					
94300 Ordinary Maintenance and Operations Contracts	\$26,016	\$1,782		\$27,798	\$27,798
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$26,016	\$1,782	\$0	\$27,798	\$27,798
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$9,622			\$9,622	\$9,622
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance					

96100 Total insurance Premiums	\$9,622	\$0	\$0	\$9,622	\$9,622
96200 Other General Expenses	\$8,770	\$79,058		\$87,828	\$87,828
96210 Compensated Absences	\$4,068			\$4,068	\$4,068
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$12,838	\$79,058	\$0	\$91,896	\$91,896
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)	\$6,160			\$6,160	\$6,160
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$6,160	\$0	\$0	\$6,160	\$6,160
96900 Total Operating Expenses	\$718,535	\$299,109	\$16,783	\$1,034,427	\$1,034,427
97000 Excess of Operating Revenue over Operating Expenses	\$6,588,201	\$0	\$213,802	\$6,802,003	\$6,802,003
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$6,608,199		\$168,225	\$6,776,424	\$6,776,424
97350 HAP Portability-In					
97400 Depreciation Expense	\$33,848			\$33,848	\$33,848
97500 Fraud Losses	-\$36,334			-\$36,334	-\$36,334
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$7,324,248	\$299,109	\$185,008	\$7,808,365	\$7,808,365
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					

10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$17,512	\$0	\$45,577	\$28,065		\$28,065
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$610,315	\$0	\$0	\$610,315		\$610,315
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$31,350	\$8,563		\$39,913		\$39,913
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 Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity	\$552,868			\$552,868		\$552,868
11180 Housing Assistance Payments Equity	\$71,285			\$71,285		\$71,285
11190 Unit Months Available	14916		420	15336		15336
11210 Number of Unit Months Leased	14714		394	15108		15108
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						

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED MARCH 31, 2020

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense from operating activities, includes investment revenue in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>EXPENDITURES</u>
<u>U. S. DEPARTMENT OF HUD</u>				
	Housing Voucher Cluster			
IN 071	Section 8 Housing Choice Vouchers	14.871	\$7,226,584	\$7,226,584
IN 071	Mainstream Vouchers	14.879	<u>230,585</u>	<u>230,585</u>
	Total Housing Voucher Cluster		<u>7,457,169</u>	<u>7,457,169</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$7,457,169</u>	<u>\$7,457,169</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Housing Authority of the City of Lafayette under programs of the federal government for the year ended March 31, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Housing Authority of the City of Lafayette, it is not intended to and does not present the financial position, changes in net position or cash flow of Housing Authority of the City of Lafayette.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note A. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Housing Authority of the City of Lafayette has not elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

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*

Independent Auditor's Report

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

I 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, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Lafayette's basic financial statements and have issued my report thereon dated January 5, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinion 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, I 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 entity'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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to the management of the Housing Authority of the City of Lafayette in a separate letter dated January 5, 2021.

Purpose Of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
January 5, 2021

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd

Fredericksburg, Indiana 47120

Report on Compliance For Each Major Federal Program; Report on Internal Control Over
Compliance Required by Uniform Guidance

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Lafayette'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 program for the year ended March 31, 2020. The Housing Authority of the City of Lafayette's major federal program is 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 the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance with each of the Housing Authority of the City of Lafayette's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Lafayette's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my 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 my 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 for the year ended March 31, 2020.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-001. My opinion on each major federal program is not modified with respect to these matters.

The Housing Authority of the City of Lafayette's response to the noncompliance finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Lafayette's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly I express no opinion on the response.

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 with the type of compliance requirements referred to above. In planning and performing my audit of compliance, I 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 audit 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I 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 requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I did identify certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-001 that I consider to be significant deficiency.

The Housing Authority of the City of Lafayette's response to the internal control over compliance finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Lafayette's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
January 5, 2021

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

MARCH 31, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITORS RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

~ Material weakness(es) identified? yes X no
~ Significant deficiency(s) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major federal programs:

~ Material weakness(es) identified? yes X no
~ Significant deficiency(s) identified that are not considered to be material weakness(es)? X yes none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) X yes no

Identification of major federal programs:

CFDA Number

Name of Federal Program

14.871	Housing Voucher Cluster
14.879	Section 8 Housing Choice Vouchers
	Mainstream Vouchers

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

Auditee qualified as low-risk auditee? X yes no

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Indiana

MARCH 31, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR YEAR FINDINGS

No matters were reported.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-001 Compliance with Section 8 Housing Choice Vouchers Annual Contributions Contract

CURRENT

CONDITION:

The Housing Authority of the city of Lafayette has an agreement for grant administration with the City of Lafayette Housing Authority whereby Section 8 Housing Choice Vouchers' cash was used to pay expenses for the City's Home, CDBG, TBRA and Fresh Start programs throughout the year. The Authority operates these programs and pays the expenses for the city on a reimbursement basis and does not have any other source of cash except from the Voucher program. The Housing Authority pays these expenses and then later receives reimbursement from the city and replaces the funds back into the voucher program. There are no internal control procedures in place that prevented the Housing Authority from using the cash for Unallowable costs.

CFDA#:

14.871, 14.879

CRITERIA:

24 CFR section 982.151 and 982.152 only allow Voucher funds to be paid for HAP to participating owners and for administrative fees. HUD rules and regulations require the housing authority to comply with the Annual Contributions Contract (ACC) and separately account for the transactions of all federal programs. The use of Voucher cash for anything other than the Voucher program is an Unallowable cost.

CAUSE:

The Authority did not have procedures in place during the audit year to prevent them from paying the city's program costs prior to reimbursement. The City of Lafayette and the Housing Authority have an Agreement for Grant Administration (MOA) dated September 19, 2017. This agreement is silent as to the processes and timing to be used for cash reimbursed for the city's program expenditures.

EFFECT:

The Authority has violated the Section 8 Vouchers ACC and does not have procedures in place to obtain funds from the city prior to processing payments for reimbursement for the programs.

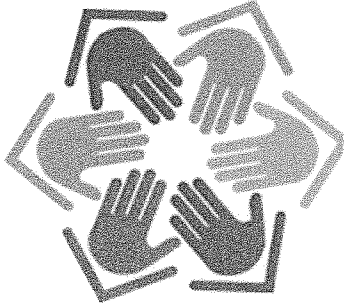
QUESTIONED COST: There is a balance receivable from the City throughout the year for the cash that belongs to the voucher program. As of the March 31, 2020 balance sheet date, the receivable balance is \$36,953. It generally takes one to two months for the expenses to be reimbursed.

RECOMMENDATION: The Authority should put procedures in place to obtain funding prior to paying the city's grant expenditures.

VIEWS OF RESPONSIBLE

OFFICIALS: The Lafayette Housing Authority agrees with this finding the Housing Authority used HCVP funds to pay monthly expenses related to the administration of the City of Lafayette HOME/CDBG programs. The housing authority has a designated non-federal bank account that will be used to pay HOME/CDBG grant related expenses. The financial analyst will prepare the check for signature from Deputy Director and Board Member. The Federal Grant Project Manager will prepare the city claim for review by Executive Director and City Asset Manager. Financial Assistant (Kerry Landon), Fee Accountant (Shawn Joy), Federal Grants Project Manager (Valerie Oakley), City of Lafayette Asset Manager (Jenna Jones), Controller (Tim Clary) and the Executive Director (Michelle Reynolds) have been working on an procedure to not use HCVP funds to pay for grant related administrative expenses.

DISCUSSED WITH: Michelle Reynolds, October 22, 2020



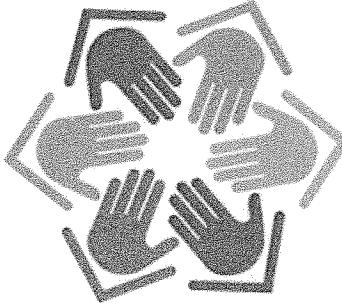
Corrective Action Plan

Audit Finding 2020

Lafayette Housing Authority

2601 Greenbush Street

Lafayette, IN 47904



Lafayette Housing Authority

2020-001

Housing Choice Voucher Program (Section 8)

Current Condition:

The Housing Authority of the City of Lafayette has an agreement for grant administration with the City of Lafayette and the Housing Authority's Section 8 Housing Choice Vouchers' cash was used to pay expenses for the City's Home, CDBG, TBRA and Fresh Start programs throughout the year. The Authority operates these programs and pays the expenses for the city on a reimbursement basis and does not have any other source of cash except from the Voucher program. The Housing Authority pays these expenses and then later receives reimbursement from the city and replaces the funds back into the voucher program. There are not internal control procedures in place that prevented the Housing Authority from using the cash for Unallowable costs.

CFDA#: 14.871, 14.879

Corrective Actions: The Lafayette Housing Authority agrees with this finding the Housing Authority used HCVP funds to pay monthly expenses related to the administration of the City of Lafayette HOME/CDBG programs. The housing authority has a designated non-federal bank account that will be used to pay HOME/CDBG grant related expenses. The financial analyst will prepare the check for signature from Deputy Director and Board Member. The Federal Grant Project Manager will prepare the city claim for review by Executive Director and City Asset Manager. Financial Assistant (Kerry Landon), Fee Accountant (Shawn Joy), Federal Grants Project Manager (Valerie Oakley), City of Lafayette Asset Manager (Jenna Jones), Controller (Tim Clary) and the Executive Director (Michelle Reynolds) have been working on an procedure to not use HCVP funds to pay for grant related administrative expenses.

Completion Date: January 2021