

**HOUSING AUTHORITY OF
THE CITY OF LAKELAND,
FLORIDA**

**Basic
Financial Statements and
Supplemental Information**

**Year ended
December 31, 2015**



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Lakeland, Florida
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Lakeland, Florida (the "Authority"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority's business-type activities as of December 31, 2015 and the respective 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying financial data schedule and schedules of actual program costs and advances are presented for the purposes of additional analysis as required by the U. S. Department of Housing and Urban Development, and are not a required part of the basic financial statements of the Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements of the Authority.

This supplemental 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 our opinion, this supplemental information 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*, we have also issued our report dated September 28, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

September 28, 2016
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of the Housing Authority of the City of Lakeland, Florida (the "Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Benjamin Stevenson, Housing Authority of the City of Lakeland, Florida, 430 Hartsell Avenue, Lakeland, Florida 33815.

Financial Highlights

- The assets of the Authority exceeded its liabilities as of December 31, 2015, by \$18,026,032 (net position), a decrease of \$651,994 from the previous year.
- The Authority had revenue from the U.S. Department of Housing and Urban Development ("HUD") of \$10,957,014, which includes funds for capital asset activities.
- The Authority's cash balance as of December 31, 2015, was \$2,543,723, a decrease of \$180,225 from the previous year.

Overview of Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of capital assets. The following statements are included:

- Statement of Net Position - reports the Authority's assets, liabilities and net position at the end of the fiscal year. You can think of the Authority's net position as the difference between the Authority's rights (assets and deferred outflows of resources) and the Authority's obligations (liabilities and deferred inflows of resources).
- Statement of Revenues, Expenses, and Changes in Net Position - this statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in prior or future periods.
- Statement of Cash Flows - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable etc.).

Overview of Financial Statement (continued)

- Notes to the Basic Financial Statements - notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Authority's various programs and the required information mandated by regulatory bodies that fund the Authority's various programs.

Financial Analysis

	<u>Net Position</u>		
	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Current assets	\$ 2,911,175	\$ 4,690,632	\$ (1,779,457)
Capital assets, net	4,538,031	5,263,617	(725,586)
Other noncurrent assets	11,522,596	9,892,224	1,630,372
Total assets	<u>18,971,802</u>	<u>19,846,473</u>	<u>(874,671)</u>
Current liabilities	430,406	704,724	(274,318)
Long-term debt	303,000	220,289	82,711
Other noncurrent liabilities	212,364	243,434	(31,070)
Total liabilities	<u>945,770</u>	<u>1,168,447</u>	<u>(222,677)</u>
Net investment in capital assets	4,538,031	5,024,985	(486,954)
Restricted	13,021,787	5,403,063	7,618,724
Unrestricted	466,214	8,249,978	(7,783,764)
Total net position	<u>\$ 18,026,032</u>	<u>\$ 18,678,026</u>	<u>\$ (651,994)</u>

Current Assets decreased by \$1,779,457 primarily due to reclassifications from miscellaneous accounts receivable to noncurrent assets.

Net Capital Assets decreased by \$725,586 primarily due to current year depreciation expense offset by current year additions.

Other Noncurrent Assets increased by \$1,630,372 primarily due to an increase in other notes receivable caused by reclassifying accrued interest receivable.

Current Liabilities reflect a decrease of \$274,318 primarily due to reclassification of \$303,000 from other current liabilities to long-term debt.

Financial Analysis (continued)

Net position - The difference between the Authority's rights (assets and deferred outflows of resources) and the Authority's obligations (liabilities and deferred inflows of resources) is its net position. Net position is categorized as one of three types.

1. Net investment in capital assets - the Authority's investment in capital assets, net of accumulated depreciation and related debt, is due to capital asset and long-term debt activity. The Authority had a current year decrease in this component of net position of \$486,954 as a result of net current year capital asset activity primarily depreciation expense, and payments on long-term capital debt.
2. Restricted - the Authority's net position whose use is subject to constraints imposed by law or agreement. As of December 31, 2015, the Authority had \$13,021,787 of funds reserved as restricted net position which consisted primarily of \$8,211,250 of notes receivable and related accrued interest, and \$3,020,584 of developer fee receivable, are restricted in their future availability for operations, and as such are reflected in restricted net position (see Note B-4), the majority of which was reclassified from unrestricted notes and other receivables to restricted notes and other receivables. In addition, funds were restricted for modernization, which consisted of \$1,540,000 from proceeds on the sale of public housing and \$249,953 from interest received on HOPE VI notes receivable.
3. Unrestricted - the Authority's net position that is neither invested in capital assets nor restricted, which increase principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors. The Authority has \$466,214 in unrestricted net position. The decrease in unrestricted net position is due to the reclassification of notes receivables and associated interest, as noted in the paragraph above. The Authority's unrestricted component of net position is designated for housing-related purposes.

Financial Analysis (continued)

	<u>Changes in Net Position</u>		
	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Operating revenues			
HUD revenues	\$ 10,844,453	\$ 10,228,370	\$ 616,083
Other revenues	1,908,693	1,678,050	230,643
Total operating revenues	<u>12,753,146</u>	<u>11,906,420</u>	<u>846,726</u>
Operating expenses			
Administrative	1,985,962	2,230,755	(244,793)
Tenant services	514,780	596,712	(81,932)
Utilities	70,927	142,331	(71,404)
Maintenance	860,975	969,777	(108,802)
General	664,945	815,127	(150,182)
Depreciation	856,239	856,564	(325)
Housing assistance payments	8,973,658	8,425,738	547,920
Total operating expenses	<u>13,927,486</u>	<u>14,037,004</u>	<u>(109,518)</u>
Operating income (loss)	<u>(1,174,340)</u>	<u>(2,130,584)</u>	<u>956,244</u>
Nonoperating revenues (expenses)			
Loss on disposal of assets held for sale	-	(36,672)	36,672
Interest income - unrestricted	420	54,836	(54,416)
Interest income - restricted	265,908	265,414	494
Interest expense	(9,770)	(11,602)	1,832
Total nonoperating revenues (expenses)	<u>256,558</u>	<u>271,976</u>	<u>(15,418)</u>
Change in net position before capital contributions	(917,782)	(1,858,608)	940,826
Capital contributions			
HUD capital grants	112,561	12,864	99,697
Change in net position	(805,221)	(1,845,744)	1,040,523
Total net position - beginning	18,678,026	20,523,770	(1,845,744)
Prior period adjustment	153,227	-	153,227
Total net position - ending	<u>\$ 18,026,032</u>	<u>\$ 18,678,026</u>	<u>\$ (651,994)</u>

Total Operating Revenue increased by \$846,726 primarily due to an increase in Section 8 Housing Choice Voucher (“HCV”) funds of \$1,053,700 due to an increase in vouchers of approximately 10% and an increase of \$314,864 in Youth Build Program. These increases were offset by a decrease in operating revenue for the Public Housing Capital Fund Program of \$277,484.

Operating Expenses are categorized by the Authority as administrative, tenant services, utilities, maintenance, general, depreciation and housing assistance payments.

Financial Analysis (continued)

Total Operating Expenses decreased by \$109,518 during 2015 as compared to 2014. This is primarily the result of decreases in administrative, maintenance, general, utilities, and tenant services offset by an increase in HAP. The net decrease in total operating expenses is due to:

- Administrative expenses decreased by \$244,793 primarily as a result of decreases in salaries relating to a reduction in staff.
- Maintenance expenses decreased by \$108,802 primarily as a result of decreased contract work being performed in the current year.
- General services expenses decreased by \$150,182 primarily due to the decrease in insurance, property taxes, and other expenses.
- HAP expense increased by \$547,920 as a result of the increase in vouchers under contract.

Capital Asset and Debt Activity

At the end of fiscal year 2015, the Authority's capital assets decreased by \$725,586. The net change was due to current year depreciation expense of \$856,239 offset by additions to capital assets of \$130,653, primarily comprised of buildings and building improvements. The accompanying financial statements include a detailed roll forward of capital assets in Note B-3.

At the end of the fiscal year 2015, the Authority had debt of \$303,000, of which the entire balance is classified as noncurrent. This debt was presented as a current liability in the prior year. During 2015, the Authority fully paid the outstanding balance on the Williamstown mortgage note of \$238,632. The accompanying financial statements include a detailed roll forward of debt activity in Note B-6.

Factors Affecting Next Year's Budget

The Authority is primarily dependent upon HUD for the funding of its Low Rent Public Housing, Housing Choice Voucher and Capital Fund programs; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected under HUD's model of Asset Management which requires public housing sites to operate independently in a decentralized model. In addition, HUD rules and regulations are subject to change which may require a tight timeline to implement the changes and could possibly have a retroactive effect. Additional costs may be required to implement the changes without offsetting additional funding.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development;
- Local labor supply and demand, which can affect salary and wage rates;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income as well as housing assistance payments to landlords;
- Inflationary pressure on utility rates, housing costs, supplies and other costs; and
- Current trends in the housing market.

Housing Authority of the City of Lakeland, Florida

STATEMENT OF NET POSITION

December 31, 2015

ASSETS

CURRENT ASSETS

Cash - unrestricted	\$ 534,091
Cash - restricted	1,846,521
Receivables, net	222,430
Due from HUD	219,202
Prepaid expenses	88,931
Total current assets	<u>2,911,175</u>

NONCURRENT ASSETS

Cash - restricted	163,111
Capital assets, net	4,538,031
Other assets, net	127,651
Accrued interest receivable from related parties - restricted	1,168,474
Developer fee receivable from related parties - restricted	3,020,584
Notes receivable from related parties - restricted	5,220,794
Other notes and loans receivable - restricted	1,821,982
Total noncurrent assets	<u>16,060,627</u>
Total assets	<u>18,971,802</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	51,495
Accrued salaries and benefits	23,917
Accrued compensated absences	26,522
Tenant security deposits	53,813
Other current liabilities	274,659
Total current liabilities	<u>430,406</u>

NONCURRENT LIABILITIES

Long-term debt	303,000
Accrued compensated absences	49,253
Family self-sufficiency escrow	163,111
Total noncurrent liabilities	<u>515,364</u>
Total liabilities	<u>945,770</u>

NET POSITION

Net investment in capital assets	4,538,031
Restricted	13,021,787
Unrestricted	466,214
Total net position	<u>\$ 18,026,032</u>

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

Housing Authority of the City of Lakeland, Florida

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended December 31, 2015

OPERATING REVENUES	
HUD operating revenues	\$ 10,844,453
Other government operating grants	554,170
Tenant revenue, net	316,303
Other operating revenue	1,038,220
Total operating revenues	<u>12,753,146</u>
OPERATING EXPENSES	
Administrative	1,985,962
Tenant services	514,780
Utilities	70,927
Maintenance	860,975
General	664,945
Depreciation	856,239
Housing assistance payments	8,973,658
Total operating expenses	<u>13,927,486</u>
OPERATING LOSS	<u>(1,174,340)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income - unrestricted	420
Interest income - restricted	265,908
Interest expense	(9,770)
Total nonoperating revenues (expenses)	<u>256,558</u>
Change in net position before capital contributions	(917,782)
CAPITAL CONTRIBUTIONS	
HUD capital grants	<u>112,561</u>
CHANGE IN NET POSITION	(805,221)
Total net position - beginning of year	18,678,026
Prior period adjustment (Note B-13)	153,227
Total net position - end of year	<u>\$ 18,026,032</u>

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

Housing Authority of the City of Lakeland, Florida

STATEMENT OF CASH FLOWS

Year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

HUD operating grants received	\$ 10,648,396
Other government operating grants received	554,170
Collections from tenants	315,405
Collections from other sources	1,485,046
Payments to employees	(1,702,891)
Payments to suppliers	(2,252,239)
Housing assistance payments	<u>(8,993,900)</u>
Net cash provided by operating activities	<u>53,987</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

HUD capital grants received	104,918
Purchase of property and equipment	(130,653)
Payments on long-term debt	(238,632)
Interest paid	<u>(9,770)</u>
Net cash used in capital and related financing activities	<u>(274,137)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	420
Interest received on notes receivable - restricted	33,816
Collection of notes receivable	<u>5,689</u>
Net cash provided by investing activities	<u>39,925</u>

NET DECREASE IN CASH (180,225)

CASH AT BEGINNING OF YEAR 2,723,948

CASH AT END OF YEAR \$ 2,543,723

RECONCILIATION TO STATEMENT OF NET POSITION

Cash - unrestricted	\$ 534,091
Cash - restricted current	1,846,521
Cash - restricted noncurrent	<u>163,111</u>
	<u><u>\$ 2,543,723</u></u>

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

Housing Authority of the City of Lakeland, Florida

STATEMENT OF CASH FLOWS (continued)

Year ended December 31, 2015

**RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (1,174,340)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	856,239
Amortization	25,576
(Increase) decrease in assets:	
Receivables, net	71,259
Due from HUD	(196,057)
Prepaid expenses	(15,373)
Developer fee receivable from related parties - restricted	470,728
Increase (decrease) in liabilities:	
Accounts payable	(1,473)
Tenant security deposits	(3,505)
Accrued salaries and benefits	(17,194)
Accrued compensated absences	(17,467)
Family self-sufficiency escrow	(20,242)
Other current liabilities	75,836
Net cash provided by operating activities	<u>\$ 53,987</u>

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

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Housing Authority of the City of Lakeland, Florida (the "Authority") is a public body corporate and politic organized under Chapter 421 of the Florida State Statutes to provide low-rent housing for qualified individuals in accordance with laws, rules and regulations prescribed by the United States Department of Housing and Urban Development ("HUD"). The primary purpose of the Authority is to provide decent, safe, sanitary and affordable housing to low income, elderly and disabled families within Lakeland, Florida.

The Authority is a related organization of the City of Lakeland, Florida (the "City") since the Board of Commissioners (the "Board") of the Authority consists of seven members who are appointed by the Mayor of the City with the approval of the City Commission. However, for financial reporting purposes, the Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board Statement ("GASB") No. 61, *The Financial Reporting Entity: Omnibus*, as the Board independently oversees the Authority's operations.

The definition of the reporting entity as defined by GASB Statement No. 61 is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Blended component units

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government and are therefore blended with the primary government. The Authority's operations include nine (9) blended component units, which are included in the basic financial statements and consist of legally separate entities for which the Authority is financially accountable and that have the same governing board as the Authority. The blended component units are as follows:

- Polk County Housing, Inc.
- West Lake Realty, Inc.
- Arbor Manor LTD, LLLP
- Polk County Housing Developers, Inc.
- West Lake Management, LLC
- Heritage Oaks at Renaissance Development, LLC
- Renaissance at Washington Ridge Master Association, Inc.
- West Bartow GP, Inc.
- Bonnet Shores GP, Inc.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Blended component units (continued)

All of the above component units are related Florida Corporations, except for Arbor Manor LTD, LLLP which is a Florida Limited Liability Limited Partnership. These entities were created as instrumentalities of the Authority for the purpose of providing and developing affordable housing opportunities or implementing housing policies and programs.

Related organizations

In accordance with GASB Statement No. 61, the following entities are not considered to be component units of the Authority because they are regulated by a partnership agreement or do not have independent governing boards, and the Authority is not financially accountable for their activities. See Notes B-4 and B-10 for activity associated with these entities.

The Authority is related to the following organizations:

Lakeland - Polk Housing Corporation ("LPHC") - a Florida not-for-profit corporation formed October 30, 1996 to provide and develop affordable housing opportunities to low and moderate income persons and/or families primarily located in, but not limited to, Lakeland, Florida and the surrounding areas. The by-laws of LPHC further expand the purpose to seek to support the goals and objectives of the Authority while remaining a separate and distinct entity, both functionally and legally.

The Executive Director of the Authority is an officer and the Secretary/Manager of LPHC and manages its operations.

The Authority provides all operational and administrative support functions for LPHC on a cost reimbursement basis, as well as other operational advances to LPHC. As a result of this activity, the Authority has a \$1,329,966 note receivable outstanding from LPHC at December 31, 2015. Additionally, LPHC provided funds to the Authority in prior years to facilitate second and third mortgages to homebuyers at the Magnolia Pointe and Lake Ridge developments (see Notes B-4-g and B-4-h). There was a \$303,000 note payable outstanding to LPHC at December 31, 2015.

LPHC 2, Inc. - a Florida for-profit corporation formed January 28, 2002 to provide and develop affordable housing opportunities to low and moderate income persons and/or families primarily located in, but not limited to, Lakeland, Florida and the surrounding areas.

LPHC 2, Inc. is wholly owned by LPHC and shares a common Board of Directors.

The Executive Director of the Authority is an officer and the Secretary/Manager of LPHC 2, Inc. and manages its operations.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Related organizations (continued)

The Authority provides all operational and administrative support functions for LPHC 2, Inc. on a cost reimbursement basis. There was no receivable outstanding from LPHC 2, nor was there a payable outstanding to LPHC 2 at December 31, 2015.

Renaissance at Washington Ridge LTD, LLLP ("Renaissance") - a Florida Limited Liability Limited Partnership formed in September 2001. Renaissance was formed in order to acquire, construct, develop, improve, maintain, own, operate, lease, and dispose of the properties known as the Washington Ridge Park Apartments and Lake Ridge Apartments located in Lakeland, Florida. Renaissance has entered into a ground lease with the Authority (see Note A-8).

LPHC is the General Partner.

The Authority provides certain operational and administrative support functions for Renaissance on a cost reimbursement basis. The Authority has a \$27,988 receivable from Renaissance and no payable outstanding to Renaissance at December 31, 2015. In addition, during the year ended December 31, 2015, the Authority passed through \$294,786 in operating subsidy from HUD to Renaissance for eligible public housing units at the property.

West Bartow Partnership LTD, LLLP ("West Bartow") - a Florida Limited Liability Limited Partnership formed on March 27, 2007 to be a low income elderly housing provider. The General Partner of West Bartow is LPHC. The Special Limited Partner is West Bartow GP, Inc. (a blended component unit). The initial Limited Partner was the Authority, who was replaced by SunAmerica Housing Fund, the Equity Investor (Syndicator). The developer is Polk County Housing Developers, Inc. (a blended component unit).

The Executive Director of the Authority, as President of the General Partner, manages the operations of West Bartow.

The Authority provides certain operational and administrative support functions for West Bartow on a cost reimbursement basis. The Authority has no receivable from West Bartow outstanding and a payable in the amount of \$4,274 at December 31, 2015.

Dakota Park Limited Partnership, LLLP ("Dakota Park") - a Florida Limited Liability Limited Partnership formed on March 6, 1998 and amended on August 1, 2005 to acquire, construct, maintain, operate, and lease a 40 unit apartment known as Dakota Park Apartments, intended primarily for low income and moderate income tenants in Lakeland, Florida. LPHC is the General Partner of Dakota Park.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Related organizations (continued)

The Authority provides certain operational and administrative support functions for Dakota Park on a cost reimbursement basis. The Authority has no receivable from Dakota Park and a payable outstanding in the amount of \$2,907 to Dakota Park at December 31, 2015. In addition, during the year ended December 31, 2015, the Authority passed through \$57,279 in operating subsidy from HUD to Dakota Park for eligible public housing units at the property.

Bonnet Shores, LLLP ("Bonnet Shores") - a Florida Limited Liability Limited Partnership formed on March 13, 2008 to provide and develop affordable housing opportunities to low and moderate income persons and/or families located in, but not limited to, Lakeland, Florida and the surrounding areas.

Bonnet Shores GP, Inc. (a blended component unit) is the General Partner.

The Executive Director of the Authority, as President of the General Partner, manages the operations of Bonnet Shores.

The Authority provides all operational and administrative support functions for Bonnet Shores on a cost reimbursement basis. The Authority has a payable to Bonnet Shores in the amount of \$17,104 at December 31, 2015.

Colton Meadow, LLLP ("Colton Meadow") - a Florida Limited Liability Limited Partnership formed on March 13, 2008 and is a low income elderly housing provider.

Colton Meadow GP, LLC, owned by LPHC, is the General Partner.

The Executive Director of the Authority, as President of the General Partner, manages the operations of Colton Meadow.

The Authority provides all operational and administrative support functions for Colton Meadow on a cost reimbursement basis. In addition, the Authority has provided a portion of their earned developer fees to fund an operating deficit reserve as well as to cover various development expenses over time. As a result of this activity, the Authority has a note receivable from Colton Meadow in the amount of \$362,901 and a payable to Colton Meadow in the amount of \$8,029 at December 31, 2015.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Related organizations (continued)

Colton Meadow GP, LLC ("Colton Meadow GP") - a Florida Limited Liability Company formed on September 28, 2010 to act as the General Partner in the Colton Meadow partnership. Colton Meadow GP is wholly owned by LPHC.

The Executive Director of the Authority manages the operations of Colton Meadow GP. The Authority provides all operational and administrative support functions for Colton Meadow GP on a cost reimbursement basis. The Authority has a receivable from Colton Meadow in the amount of \$4,629 at December 31, 2015.

Twin Lakes at Lakeland, LLLP ("Twin Lakes") - a Florida Limited Liability Limited Partnership formed on February 24, 2011 to be a low income housing provider.

LPHC is the General Partner.

The Executive Director of the Authority, as President of the General Partner, manages the operations of Twin Lakes.

The Authority provides certain operational and administrative support functions for Twin Lakes on a cost reimbursement basis. The Authority has a receivable from Twin Lakes in the amount of \$51,362 at December 31, 2015.

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities rely to a significant extent on user fees and charges for support.

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses.

For financial reporting purposes, the Authority reports all of its operations as a single business-type activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating activities generally arise from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants, management fees, development fees and operating grants from the U.S. Department of Housing and Urban Development ("HUD") and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses.

Operating expenses for the Authority include the cost of tenant services, general, administrative, maintenance, utilities, protective services, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector, thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position.

As provided by GASB Statement No. 34 and related guidance, tenant revenue is reported net of accounts written off. There were no accounts written off during the year ended December 31, 2015

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Summary of programs

The accompanying basic financial statements include the activities of several housing programs of the Authority. A summary of each significant program is provided below.

Low Rent Public Housing Programs

The Low Rent Public Housing Programs include the following: Asset Management Projects (“AMPs”), Public Housing Capital Fund and various other related HUD grants.

The purpose of the public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under HUD’s Development and Capital Fund programs.

Funding of the program operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Central Office Cost Center

The Central Office Cost Center (“COCC”) is a business unit within the Authority that generates revenue through fees for service from other Authority programs and activities.

Housing Assistance Payments (“HAP”) Programs

HAP Programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. The Section 8 Housing Choice Voucher program and Mainstream Vouchers program are funded through federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.

5. Assets, liabilities and net position

a. *Cash and cash equivalents*

For purposes of the statement of cash flows, the Authority considers all unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents. Accordingly, the Authority does not have any cash equivalents as of December 31, 2015.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net position (continued)

b. *Receivables*

Receivables consist of revenues earned and not yet received. Amounts due from HUD represent reimbursable expenses or grant subsidies earned that have not been collected as of December 31, 2015. Allowances are determined by management based on the specific accounts and prior experience (see Note B-2).

c. *Notes receivable, restricted*

Restricted notes receivable consist of mortgage notes receivable from related parties whose future availability is restricted for use for further development (see Note B-4). In accordance with HUD guidelines, these mortgage notes receivable are considered restricted upon repayment (see Note A-5-i-ii).

d. *Capital assets*

The Authority's policy is to capitalize assets with a value in excess of \$1,500. The Authority capitalizes the costs of site acquisition and improvement, structures, infrastructure, equipment and direct development costs meeting the capitalization policy. Routine repairs and maintenance are charged against operations. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at market value on the date contributed.

Depreciation has been provided using the straight-line method over the estimated useful lives, which range as follows:

Buildings and improvements	15 - 40 years
Equipment - dwelling and administrative	5 - 7 years
Infrastructure	40 years

e. *Impairment of long-lived assets*

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a long-lived asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. In the current year, the Authority did not recognize any loss on impairment related to its long-lived assets.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net position (continued)

f. Tenant security deposits

Tenant security deposits are deposits held by the Authority that are required of tenants before they are allowed to move into an Authority-owned site. The Authority records this cash as restricted, as this is money that is reimbursable to the tenant or reserved for unit repairs when the unit is vacated.

g. Accrued compensated absences

The Authority's policy allows employees to accumulate unused flexible time off up to a maximum of 60 days. Upon separation, employees are paid for their unused accumulated flexible time off if proper notice is given. Accrued compensated absences are recorded as an expense in the year earned in the basic financial statements with an offsetting liability being reflected for any unpaid amounts. Management estimates the current portion of the liability based on prior experience and account composition.

h. Eliminations

For financial reporting purposes, certain amounts are internal and are therefore eliminated. The follow have been eliminated from the financial statements:

i. Interprogram due to/from

In the normal course of operations, certain programs pay for operating shortfalls of other programs as well as common costs which creates interprogram receivables or payables. As of December 31, 2015, the interprogram receivables and payables net to zero and \$5,616,540 are eliminated for the presentation of the Authority as a whole.

ii. Fees for service

The Authority's COCC internally charges fees to the AMPs and programs of the Authority for services rendered. These charges include management, book-keeping, and asset management fees. For financial reporting purposes \$537,110 of fees for service have been eliminated for the year ended December 31, 2015.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net position (continued)

i. Net position

In accordance with GASB Statement No. 34, as amended, total equity as of December 31, 2015, is classified into three components of net position:

i. Net investment in capital assets

This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

ii. Restricted net position

This category consists of net position restricted in its use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The statement of net position of the Authority reports \$13,021,787 of restricted net position which consists of the following:

- \$7,042,776 of mortgage notes receivable and \$1,168,474 of accrued interest associated with the loans. The loans were originally funded with HOPE VI funds and are considered restricted upon repayment by HUD guidelines (see Note B-4).
- \$3,020,584 of developer fee receivable from related parties.
- \$1,540,000 of proceeds from the sale of public housing restricted for modernization.
- \$249,953 of interest received on HOPE VI notes receivable.

iii. Unrestricted net position

This category includes all of the remaining net position that do not meet the definition of the other two categories.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Budgets

Budgets are prepared on an annual basis for each major program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

7. Income taxes

The Authority is a governmental entity and is exempt from federal and state income taxes. Accordingly, no provision for federal or state income taxes has been made in the financial statements. The Authority's blended component units are subject to the income tax provisions of the Florida Statutes and the Internal Revenue Code.

The Authority's blended component units account for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken.

For the fiscal year ended December 31, 2015, the blended component units did not have any outstanding income taxes paid or outstanding. The income tax filings of the Authority's blended component units are subject to audit by various taxing authorities. The open audit periods for these entities are 2011 through 2015.

8. Leasing activities

The Authority is the lessor of dwelling units to moderate and low income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year upon recertification of income. The Authority may cancel the lease only for cause. In addition, a significant majority of the capital assets are used in these leasing activities. Revenues associated with these leases are recorded in the accompanying basic financial statements and related schedules within tenant revenue.

The Authority is the lessor under a ground lease to a related party, Renaissance at Washington Ridge LTD, LLLP, where the project has been built. The ground lease expires December 31, 2101. The lease provides for annual rent of \$1. In addition, the Partnership is to pay all operating costs, including taxes and insurance, of the property.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. 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 assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Impact of recently issued accounting principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, to enhance the transparency and comparability of fair value measurements and disclosures in state and local governments' financial statements. This statement is effective for the Authority's December 31, 2016 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*, which clarifies certain provisions of GASB No. 68, *Accounting and Financial Reporting for Pensions*, and it establishes requirements for defined contribution pensions that was not within the scope of GASB No. 68. This statement is effective for the Authority's December 31, 2017 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, which amends GASB Statement No. 14, *The Financial Reporting Entity*, as amended, by addressing the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement is effective for the Authority's December 31, 2017 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES

1. Deposits

As of December 31, 2015, the Authority's cash consist of deposits with a book balance of \$2,543,723.

The Authority's deposits and investments are insured by the Federal Depository Insurance Corporation ("FDIC") for up to \$250,000. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Authority pursuant to Section 280.08, Florida Statutes. Financial institutions must meet the criteria of being a Qualified Public Depository as described in the Florida Security for Public Deposits Act, under Chapter 280, Florida Statutes, before any investments are made with those institutions.

In accordance with GASB Statement No. 40, the Authority's exposure to deposit and investment risk is disclosed as follows:

Interest Rate Risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy is to invest only in HUD allowed investments and to monitor investments in order to limit its exposure to declines in fair value. As of December 31, 2015, the Authority had no investments, and therefore was not exposed to interest rate risk.

Credit Risk - is the risk that an issuer or other counterparty will fail to meet its obligations in accordance with agreed terms. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies in the United States of America. As of December 31, 2015, the Authority mitigated their exposure to credit risk by following HUD regulations.

Custodial Credit Risk - is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority's deposit policy for custodial credit risk requires collateral to be held in the Authority's name by its agent or by the bank's trust department. The Authority's deposits are also insured by the Federal Depository Insurance Corporation up to \$250,000 per financial institution, per depositor. As of December 31, 2015, none of the Authority's total balances held in banks and financial institutions of \$2,667,888 were exposed to custodial credit risk, as all were either fully insured or collateralized.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

1. Deposits (continued)

Restricted cash

Cash was restricted for the following purposes at December 31, 2015:

Current:		
Modernization - proceeds from sale of public housing	\$	1,500,000
Modernization - HOPE VI		249,953
Modernization - Public Housing		40,000
Security deposits		53,813
Public Housing Family Self-Sufficiency escrows		<u>2,755</u>
Total current restricted cash		1,846,521
Noncurrent:		
HCV Family Self-Sufficiency escrows		143,419
Public Housing Family Self-Sufficiency escrows		<u>19,692</u>
Total noncurrent restricted cash		<u>163,111</u>
Total restricted cash	\$	<u><u>2,009,632</u></u>

2. Receivables, net

As of December 31, 2015, receivables, net consist of:

Miscellaneous receivables	\$	78,298
Tenant receivables		34,924
Portability receivables		90,569
Fraud receivables		<u>40,143</u>
Total receivables		243,934
Allowance for doubtful accounts - tenants		<u>(21,504)</u>
	\$	<u><u>222,430</u></u>

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

3. Capital assets

A summary of changes in capital assets is as follows:

	Balance at January 1, 2015	Transfers in/ Additions	Transfers out/ Deletions	Balance at December 31, 2015
Non-depreciable:				
Land	\$ 2,116,500	\$ -	\$ -	\$ 2,116,500
Depreciated:				
Buildings and improvements	11,441,224	86,376	-	11,527,600
Equipment - administration	865,654	44,049	-	909,703
Equipment - dwelling	26,490	228	-	26,718
Infrastructure	582,079	-	-	582,079
Total depreciated	12,915,447	130,653	-	13,046,100
Total capital assets	15,031,947	130,653	-	15,162,600
Less accumulated depreciation				
Buildings and improvements	(8,676,586)	(776,613)	-	(9,453,199)
Equipment - administration	(488,116)	(75,803)	-	(563,919)
Equipment - dwelling	(21,549)	(3,823)	-	(25,372)
Infrastructure	(582,079)	-	-	(582,079)
Total accumulated depreciation	(9,768,330)	(856,239)	-	(10,624,569)
Capital assets, net	\$ 5,263,617	\$ (725,586)	\$ -	\$ 4,538,031

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

4. Notes, accrued interest and developer fees receivable

The Authority has entered into various loans and developer agreements with related parties as described in the notes below. In addition, the Authority has other activity with related parties as described in Note B-10.

HUD has provided the funding to the Authority for the development of the mixed-finance properties owned by related parties of the Authority. As funds were received by the Authority from HUD, they were loaned to the respective related parties.

When the notes are paid back they will be considered restricted program income to be used for similar project developments in the future. As of December 31, 2015, all \$11,231,834 of the notes receivable, associated interest, and developer fees are classified as restricted. The following is a summary of the changes in the notes receivable for the year ended December 31, 2015:

	Balance at January 1, 2015 <i>Restated</i>	Additions	Payments	Balance at December 31, 2015
Amounts due from related parties:				
Dakota Park mortgage note - HOPE VI	\$ 714,591	\$ -	\$ -	\$ 714,591
Dakota Park accrued interest - HOPE VI	434,429	40,732	-	475,161
Dakota Park developer fee	149,859	-	-	149,859
Dakota Park promissory note	101,380	-	-	101,380
Renaissance mortgage note - HOPE VI	2,200,000	-	-	2,200,000
Renaissance accrued interest - HOPE VI	350,468	115,060	-	465,528
Renaissance developer fee	1,308,453	-	-	1,308,453
Renaissance promissory note	382,176	-	(976)	381,200
Villas at Lake Bonnet mortgage note	1,009,877	-	-	1,009,877
Villas at Lake Bonnet accrued interest	151,485	76,300	-	227,785
Villas at Lake Bonnet developer fee	320,033	-	(249,546)	70,487
Colton Meadow mortgage note	450,845	-	-	450,845
Colton Meadow developer fee	197,907	-	(70,492)	127,415
Colton Meadow mortgage note	362,901	-	-	362,901
West Bartow developer fee	1,515,060	-	(150,690)	1,364,370
Twin Lakes promissory note	4,713	-	(4,713)	-
Subtotal of amounts due from related parties	9,654,177	232,092	(476,417)	9,409,852
Other notes and loans receivable:				
Second mortgages	1,348,693	-	-	1,348,693
Third mortgages	251,000	-	-	251,000
Other loans receivable	222,289	-	-	222,289
Total	<u>\$ 11,476,159</u>	<u>\$ 232,092</u>	<u>\$ (476,417)</u>	<u>\$ 11,231,834</u>
Total by category:				
Notes receivable from related parties - restricted	\$ 5,226,483	\$ -	\$ (5,689)	\$ 5,220,794
Other notes and loans receivable - restricted	1,821,982	-	-	1,821,982
Accrued interest - restricted	936,382	232,092	-	1,168,474
Developer fee - restricted	3,491,312	-	(470,728)	3,020,584
Total	<u>\$ 11,476,159</u>	<u>\$ 232,092</u>	<u>\$ (476,417)</u>	<u>\$ 11,231,834</u>

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

4. Notes, accrued interest and developer fees receivable (continued)

a. *Dakota Park Limited Partnership, LLLP ("Dakota Park")*

As part of a mixed finance arrangement, the Authority has executed a mortgage note with Dakota Park whereby the Authority has loaned the partnership \$714,591 in order to enable the partnership to rehabilitate, develop and equip the Dakota Park Apartments. The loan is fully outstanding as of December 31, 2015. The mortgage is subordinated to a first mortgage held by a bank.

The mortgage bears interest at the highest AFR rate established by the Internal Revenue Service (3.40% at December 31, 2015). Payment of principal and interest to the extent of available cash flow commenced on April 1, 2003 and is payable annually through the final maturity date of March 25, 2042. Unpaid accrued interest receivable related to this mortgage was \$475,161 at December 31, 2015.

The Authority also earned a developer fee in prior years in the amount of \$149,859 from Dakota Park, all of which is outstanding at December 31, 2015 and which is to be paid from future available cash flow of the project.

In addition, the Authority has a loan receivable from Dakota Park of \$101,380 at December 31, 2015. The loan is unsecured and bears no interest. The loan is to be repaid from available cash flow after allowable distributions to the Investor Limited Partner and repayment of the mortgage to the Authority.

b. *Renaissance at Washington Ridge LTD, LLLP ("Renaissance")*

As part of a mixed finance arrangement, the Authority has executed a mortgage note with Renaissance whereby the Authority has loaned the partnership \$2,200,000 in order to enable the partnership to rehabilitate, develop and equip the Washington Park Apartments and Lake Ridge Apartments. The loan is fully outstanding as of December 31, 2015. The mortgage is subordinated to a first mortgage held by a bank. The mortgage bears interest at the highest AFR rate established by the Internal Revenue Service (3.40% at December 31, 2015). Payment of principal and interest to the extent of available cash flow commenced on April 1, 2004 and is payable annually through the final maturity date of December 31, 2052. Unpaid accrued interest receivable related to this mortgage was \$465,528 at December 31, 2015.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

4. Notes, accrued interest and developer fees receivable (continued)

b. *Renaissance at Washington Ridge LTD, LLLP (“Renaissance”) (continued)*

The Authority also earned a developer fee in prior years in the amount of \$1,308,453 from Renaissance, all of which is outstanding at December 31, 2015 and which is to be paid from future available cash flow of the project.

In addition, the Authority has a loan receivable from Renaissance of \$381,200 at December 31, 2015. The loan is unsecured and bears no interest. The loan is to be repaid from available cash flow after allowable distributions to the Investor Limited Partner, repayment of the mortgage to the Authority and payment of the developer fee.

c. *Bonnet Shores, LLLP (“Bonnet Shores”)*

On May 27, 2010, as part of a mixed finance arrangement, the Authority has executed a mortgage note with Bonnet Shores whereby the Authority is lending the partnership a maximum of \$2,200,000 in order to enable the partnership to rehabilitate, develop and equip the Lake Bonnet Apartments. The Authority has an outstanding balance from Bonnet Shores of \$1,009,877 as of December 31, 2015. The mortgage is subordinated to a first mortgage held by a bank. The mortgage bears interest at 7.5% per annum. Commencing on July 1, 2010, and continuing on the first of each month thereafter until the date of the fourth installment of the Investment Limited Partner’s capital contribution, interest only payments are to be paid. On the first of the month following the date of the fourth installment, a principal payment in the amount of \$1,258,233 was paid. After the fourth installment, payments of interest and principal shall be paid out of available cash flow with a maturity date 30 years after the date of the fourth installment. As of December 31, 2015, there was \$227,785 of unpaid accrued interest receivable related to this mortgage at December 31, 2015.

The Authority also earned a developer fee in prior years in the amount of \$1,862,443 from Lake Bonnet, of which \$70,487 is outstanding at December 31, 2015 and which is to be paid from future available cash flow of the project.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

4. Notes, accrued interest and developer fees receivable (continued)

d. *Colton Meadow, LLLP ("Colton Meadow")*

On April 28, 2010, as part of a mixed finance arrangement, the Authority has executed a mortgage note with Colton Meadow whereby the Authority is lending the Partnership a maximum of \$1,113,378 in order to enable the Partnership to rehabilitate, develop and equip the Colton Meadow Villas. The Authority has an outstanding balance from Colton Meadow of \$450,845 as of December 31, 2015. The mortgage bears interest at 7.5% per annum. Commencing on the first of the month following the date that Colton Meadow meets stabilization, as established by Florida Housing Finance Corporation in connection with its tax credit assistance program loan, and continuing until the maturity date, installments of principal and interest shall be due monthly in the amount of \$7,785.

The entire outstanding principal sum, together with all accrued and unpaid interest shall be due and payable in full on the date which is 30 years after stabilization. There was no unpaid accrued interest receivable related to this mortgage at December 31, 2015.

The Authority also earned a developer fee in prior years in the amount of \$1,749,460 from Colton Meadow, of which \$127,415 is outstanding at December 31, 2015 and which is to be paid from future available cash flow of the project.

In addition, the Authority advanced funds to Colton Meadow in prior years in the amount of \$1,293,641 to fund operations, pay debt, and fund reserves. As of December 31, 2015, the amount outstanding was \$362,901.

e. *West Bartow LTD., LLLP ("West Bartow")*

The Authority earned a developer fee in prior years in the amount of \$2,161,102 from West Bartow which has an outstanding balance of \$1,364,370 at December 31, 2015 and which is to be paid from future available cash flow of the project.

f. *Twin Lakes at Lakeland, LLLP ("Twin Lakes")*

As part of a mixed finance arrangement, the Authority has executed a mortgage note with Twin Lakes whereby the Authority has loaned the partnership \$222,289 in order to enable the partnership to rehabilitate, develop and equip the Twin Lakes. The loan is fully outstanding as of December 31, 2015. The mortgage is subordinated to a first mortgage held by a bank.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

4. Notes, accrued interest and developer fees receivable (continued)

f. Twin Lakes at Lakeland, LLLP ("Twin Lakes") (continued)

In addition, the Authority received full payment of an unsecured, non-interest bearing loan receivable from Twin Lakes of \$4,713 during the year ended December 31, 2015.

In addition, the Authority has provided loans to individual homeowners as described below.

g. Second mortgages

Second mortgages were issued to assist the Authority in selling the condominiums at Magnolia Pointe and homes at Hampton Hills. The mortgages are due 30 years from the date of the mortgage and do not bear interest. The balance of the mortgage is due upon the sale of the condominium; refinancing of the first mortgage; failure to maintain the property; default on any obligations, covenants and/or agreements with the lender; or upon borrower's death (collectively a repayment event).

h. Third mortgages

Third mortgages were issued to assist the Authority in selling single family homes constructed as part of the Lake Ridge redevelopment. A portion of the mortgages are due 30 years from the date of the mortgage and do not bear interest. The balance of the mortgage is due upon the sale of the home; refinancing of any mortgage; failure to maintain the property; default on any obligations, covenants and/or agreements with the lender or upon borrower's death (collectively a repayment event). If the property is sold within the thirty year period, the Authority will share in any appreciation of the property according to a schedule included in the loan document.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

5. Other current liabilities

As of December 31, 2015, other current liabilities consist of:

Due to related party	\$	54,488
Accrued audit fees		45,987
Family self-sufficiency escrows		2,755
Miscellaneous liabilities		163,927
Unearned revenue		7,502
		\$ 274,659

6. Noncurrent liabilities

The following is a summary of the changes in noncurrent liabilities for the year ended December 31, 2015:

	Payable at January 1, 2015	Additions	Reductions	Payable at December 31, 2015	Due Within One Year
LPHC loans	\$ 303,000	\$ -	\$ -	\$ 303,000	\$ -
Williamstown mortgage note	238,632	-	(238,632)	-	-
Compensated absences	93,242	26,696	(44,163)	75,775	26,522
Family self-sufficiency escrows - Public Housing	43,125	3,613	(24,291)	22,447	2,755
Family self-sufficiency escrows - Section 8	142,983	49,861	(49,425)	143,419	-
Total noncurrent liabilities	\$ 820,982	\$ 80,170	\$ (356,511)	\$ 544,641	\$ 29,277

a. *Williamstown mortgage note*

In 2007, the Authority entered into a loan agreement with a financial institution for a total amount of \$325,000. In 2009, the mortgage was refinanced and a new note was executed in the amount of \$307,500. On September 10, 2013, the Authority entered into a new note for the remaining balance of \$260,996. The mortgage loan bears interest at 4.95%. The principal and interest were to be repaid in 35 monthly installments in the amount of \$2,495 and a balloon payment of approximately \$209,346 was due September 16, 2016. The mortgage is secured by the land. The mortgage was paid in full during the year ended December 31, 2015.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

b. LPHC loans

In 2006, the Authority entered into a non-interest bearing loan agreement with LPHC, a related party, for the closing costs, deposits, and mortgages on homes sold at the Homes at Lakeridge site. As of December 31, 2015, the total amount outstanding was \$303,000.

7. Pension plan

The Authority maintains two single employer defined contribution plans for the benefit of regular full-time employees. The Plans are administered by the Mass Mutual Financial Group. In a defined contribution plan, benefits depend solely on amounts available in the plan. The Authority's Board of Commissioners is authorized to establish and amend plan provisions. Employees are eligible to participate in the plan after six months of employment and after attaining eighteen years of age. Vesting begins after one year of service and participants become 100% vested after five years. For all employees hired prior to January 1, 2008, the Authority contributes 6% of the participants' earnings to the plan and the participant contributes 5%. For employees hired on or after January 1, 2008, the Authority contributes 4% of the participants' earnings to the Plan and the participant contributes 3%. The Authority contributed \$69,771 and employees contributed \$81,797 during the year ended December 31, 2015.

8. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and other general liability issues. The Authority is insured through the Florida Housing Authorities Risk Management Insureds ("FHARMI"), a public risk pool currently operating as a common risk management and insurance program. The Authority pays an annual premium to FHARMI for general insurance coverage. The agreement for formation of FHARMI provides that it will be self-sustaining through member premiums and will reinsure through commercial companies. In addition, the Authority carries commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. There were no significant reductions of insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

9. Commitments and contingencies

a. *Legal*

Generally, the Authority is party to various pending or threatened legal actions arising in the normal course of operations. Although the outcome of these actions is not presently determinable, it is the Authority's opinion that any ultimate liability is not expected to have a material adverse effect on the Authority's financial position.

b. *Grants and contracts*

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. As of the date of this report, management is not aware of any such examinations.

The Authority has received cumulative funding in excess of housing assistance payments ("HAP") and earned administrative fees through the Section 8 Housing Choice Voucher Program in accordance with current regulations. As of December 31, 2015, the Authority did not have any unspent cumulative excess HAP funding.

c. *Funds awarded*

The Authority receives funding from HUD through grants and programs to help subsidize the cost of project repairs, improvements and certain operating costs. Unspent funded awards as of December 31, 2015 amounted to the following:

Revitalization of Severely Distressed Public Housing Program (HOPE VI)	\$ 1,933,016
Replacement Housing Factor	1,969,034
Public Housing Capital Fund Program	<u>662,720</u>
Total unspent funded awards	<u>\$ 4,564,770</u>

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

10. Related parties

The Authority provides all operational and administrative support to several related organizations on a cost reimbursement basis (see Note A-1), as well as funding certain operational and development shortfalls of these entities. For the year ended December 31, 2015, total amounts received from the related parties were \$1,216,731 not including any pass-through operating subsidy. Total operating subsidy passed through to all partnerships during the year ended December 31, 2015 was \$352,065.

As of December 31, 2015, the Authority is reporting \$9,455 as a receivable and \$54,488 as a payable to related parties as described in Note A-1. In addition to the amounts listed above, the Authority has signed mortgage notes, promissory notes and developer agreements with certain related parties as described in Note B-4.

For the year ended December 31, 2015, activity between the Authority and its related parties was as follows:

<u>Related organization</u>	<u>Received from</u>
Renaissance at Washington Ridge LTD, LLLP	\$ 355,521
West Bartow Partnership LTD, LLLP	141,244
Dakota Park Limited Partnership, LLLP	62,901
Bonnet Shores, LLLP	411,709
Colton Meadow, LLLP	<u>245,356</u>
Balance at December 31, 2015	<u><u>\$1,216,731</u></u>

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

11. Concentrations

For the year ended December 31, 2015, approximately 83% of all revenues and 31% of all receivables are from HUD.

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

12. Financial data schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The schedule's format presents certain operating items as nonoperating, such as: depreciation expense, housing assistance payments and extraordinary maintenance expense. In addition, the schedule's format includes non-operating items as operating, such as: investment revenue, HUD capital grant revenue, interest expense, and gains and losses on the disposal of capital assets. Furthermore, the schedule reflects tenant revenue and bad debt expense separately.

13. Prior period adjustment

The Authority adjusted beginning equity by \$153,227 for the inclusion of costs from 2014 relating to Bonnet Shores, GP. These other assets are amortized over 15 years.

14. Subsequent events

Management has evaluated subsequent events through September 28, 2016, the date the financial statements were available to be issued, and noted no additional significant items to be disclosed.

15. Condensed blended component unit information

Condensed component unit information for the Authority's major blended component units as listed in Note A-1 is presented below.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

15. Condensed blended component unit information (continued)

Condensed Statement of Net Position

	Polk County Housing, Inc.	West Lake Management, LLC	West Lake Realty, Inc.	Arbor Manor LTD, LLLP	Bonnet Shores GP, Inc.	Renaissance at Washington Ridge Master Association, Inc.	Polk County Housing Developers, Inc.	West Bartow GP, Inc.	Heritage Oaks at Renaissance Dev, LLC
ASSETS									
Current assets	\$ 3,071	\$ 94,300	\$ 625	\$ -	\$ 5,726	\$ 27,027	\$ 2,975,306	\$ 1,024	\$ 219
Noncurrent liabilities	-	-	-	-	127,651	-	1,925,173	-	-
TOTAL ASSETS	3,071	94,300	625	-	133,377	27,027	4,900,479	1,024	219
LIABILITIES									
Current liabilities	3,085	84,602	-	1,529	759	-	-	1,024	219
Noncurrent liabilities	-	11,640	-	-	-	-	-	-	-
TOTAL LIABILITIES	3,085	96,242	-	1,529	759	-	-	1,024	219
NET POSITION									
Restricted	-	-	-	-	-	-	1,925,173	-	-
Unrestricted	(14)	(1,942)	625	(1,529)	132,618	27,027	2,975,306	-	-
TOTAL NET POSITION	\$ (14)	\$ (1,942)	\$ 625	\$ (1,529)	\$ 132,618	\$ 27,027	\$ 4,900,479	\$ -	\$ -

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

15. Condensed blended component unit information (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Polk County Housing, Inc.	West Lake Management, LLC	West Lake Realty, Inc.	Arbor Manor LTD, LLLP	Bonnet Shores GP, Inc.	Renaissance at Washington Ridge Master Association, Inc.	Polk County Housing Developers, Inc.	West Bartow GP, Inc.	Heritage Oaks at Renaissance Dev, LLC
OPERATING REVENUES									
Management fees	\$ -	\$ 214,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other operating revenue	-	282,054	-	-	-	47,337	4,036	-	-
Total operating revenues	-	496,472	-	-	-	47,337	4,036	-	-
OPERATING EXPENSES									
Administrative	14	240,471	58	973	759	4,192	2,225	-	-
Utilities	-	-	-	-	-	2,589	-	-	-
Maintenance	-	55,170	-	-	-	21,572	-	-	-
General	-	165,044	-	-	12,788	2,111	129,673	-	-
Total operating expenses	14	460,685	58	973	13,547	30,464	131,898	-	-
OPERATING INCOME (LOSS)	(14)	35,787	(58)	(973)	(13,547)	16,873	(127,862)	-	-
NONOPERATING REVENUES (EXPENSES)									
Interest income - unrestricted	-	-	-	-	-	2	-	-	-
Change in net position	(14)	35,787	(58)	(973)	(13,547)	16,875	(127,862)	-	-
Total net position - beginning of year	-	(37,729)	683	(556)	(7,062)	10,152	2,661,038	-	-
Prior period adjustment	-	-	-	-	153,227	-	2,367,303	-	-
Total net position - ending of year	\$ (14)	\$ (1,942)	\$ 625	\$ (1,529)	\$ 132,618	\$ 27,027	\$ 4,900,479	\$ -	\$ -

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE B - DETAILED NOTES (continued)

15. Condensed blended component unit information (continued)

Condensed Statement of Cash Flows

	Polk County Housing, Inc.	West Lake Management, LLC	West Lake Realty, Inc.	Arbor Manor LTD, LLLP	Bonnet Shores GP, Inc.	Renaissance at Washington Ridge Master Association, Inc.	Polk County Housing Developers, Inc.	West Bartow GP, Inc.	Heritage Oaks at Renaissance Dev, LLC
NET CASH PROVIDED BY (USED IN):									
CASH FLOWS FROM OPERATING									
ACTIVITIES									
Operating activities	\$ (11,337)	\$ 109,081	\$ (58)	\$ -	\$ -	\$ 5,903	\$ 185,879	\$ -	\$ -
Investing activities	-	-	-	-	-	2	-	-	-
NET INCREASE (DECREASE)	(11,337)	109,081	(58)	-	-	5,905	185,879	-	-
Cash at beginning of year	11,337	-	683	-	-	5,763	-	-	-
Cash at end of year	\$ -	\$ 109,081	\$ 625	\$ -	\$ -	\$ 11,668	\$ 185,879	\$ -	\$ -

SUPPLEMENTAL INFORMATION

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2015

PHA: FL011 FYED: 12/31/2015									
Line Item No.	Account Description	AMP 1 Operating (Various Public Housing Sites) 14.850	AMP 1 Capital (Various Public Housing Sites) 14.872	AMP 2 Operating (Dakota Park) 14.850	AMP 2 Capital (Dakota Park) 14.872	AMP 3 Operating (Renaissance at Washington Ridge) 14.850	AMP 3 Capital (Renaissance at Washington Ridge) 14.872	AMP 4 Operating (Hampton Hills) 14.850	AMP 4 Capital (Hampton Hills) 14.872
111	Cash - Unrestricted	174,153	-	-	-	-	-	23,631	-
112	Cash - Restricted - Modernization and Development	1,500,000	-	-	-	-	-	40,000	-
113	Cash - other restricted	17,349	-	-	-	-	-	2,343	-
114	Cash - Tenant Security Deposits	50,513	-	-	-	-	-	3,300	-
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	2,755	-
100	Total Cash	1,742,015	-	-	-	-	-	72,029	-
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	29,165	-	-	-	-	-	-	-
124	Accounts Receivable - other government	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	2,973	-	-	-	-	-	271	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(1,751)	-	-	-	-	-	-	-
128	Fraud recovery	34,543	-	-	-	-	-	894	-
120	Total Receivables, net of allowances for doubtful accounts	64,930	-	-	-	-	-	1,165	-
142	Prepaid Expenses and Other Assets	43,880	-	-	-	-	-	500	-
144	Interprogram due from	2,854,413	-	-	-	-	-	-	-
150	Total Current Assets	4,705,238	-	-	-	-	-	73,694	-
161	Land	1,466,869	-	-	-	-	-	-	-
162	Buildings	10,079,514	-	-	-	-	-	1,405,662	-
163	Furniture, Equipment & Machinery - Dwellings	26,718	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	823,520	-	-	-	-	-	2,249	-
166	Accumulated Depreciation	(10,556,918)	-	-	-	-	-	(963)	-
168	Infrastructure	582,079	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	2,421,782	-	-	-	-	-	1,406,948	-
171	Notes, loans, and mortgages receivable - Noncurrent	1,763,722	-	-	-	-	-	50,000	-
174	Other Assets	227,785	-	-	-	-	-	-	-
180	Total Non-Current Assets	4,413,289	-	-	-	-	-	1,456,948	-
190	Total Assets	9,118,527	-	-	-	-	-	1,530,642	-
311	Bank Overdraft	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	1,013	-	-	-	-	-	50	-
321	Accrued Wage/Payroll Taxes Payable	4,948	-	-	-	-	-	-	-
322	Accrued Compensated Absences	4,999	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	50,513	-	-	-	-	-	3,300	-
342	Unearned Revenues	7,228	-	-	-	-	-	274	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-
345	Other current liabilities	64,632	-	-	-	-	-	2,755	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-
347	Interprogram due to	-	-	-	-	-	-	-	-
310	Total Current Liabilities	133,333	-	-	-	-	-	6,379	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	17,349	-	-	-	-	-	2,343	-
354	Accrued compensated Absences - Non Current	9,283	-	-	-	-	-	-	-
355	Loan liability - noncurrent	303,000	-	-	-	-	-	-	-
300	Total Liabilities	462,965	-	-	-	-	-	8,722	-
508.4	Net investment in capital assets	2,421,782	-	-	-	-	-	1,406,948	-
511.4	Restricted Net Assets	3,491,507	-	-	-	-	-	90,000	-
512.4	Unrestricted Net Assets	2,742,273	-	-	-	-	-	24,972	-
513	Total Equity	8,655,562	-	-	-	-	-	1,521,920	-
600	Total Liabilities and Equity	9,118,527	-	-	-	-	-	1,530,642	-

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2015

PHA: FL011 FYED: 12/31/2015										
Line Item No.	Account Description	AMP 1 Operating (Various Public Housing Sites) 14.850	AMP 1 Capital (Various Public Housing Sites) 14.872	AMP 2 Operating (Dakota Park) 14.850	AMP 2 Capital (Dakota Park) 14.872	AMP 3 Operating (Renaissance at Washington Ridge) 14.850	AMP 3 Capital (Renaissance at Washington Ridge) 14.872	AMP 4 Operating (Hampton Hills) 14.850	AMP 4 Capital (Hampton Hills) 14.872	
70300	Net Tenant Rental Revenue	246,485	-	-	-	-	-	-	61,872	-
70400	Tenant Revenue - Other	4,886	-	-	-	-	-	-	260	-
70500	Total Tenant Revenue	251,371	-	-	-	-	-	-	62,132	-
70600	HUD PHA Grants	692,745	150,951	57,279	-	294,786	-	32,689	-	-
70610	HUD PHA Capital Grants	-	112,561	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	322	-	-	-	-	-	-	14	-
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-
71500	Other revenue	137,899	-	-	-	-	-	-	5,896	-
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	110,116	-	-	-	-	-	-	-	-
70000	Total Revenue	1,192,453	263,512	57,279	-	294,786	-	100,731	-	-
91100	Administrative Salaries	135,913	-	-	-	-	-	-	7,219	-
91200	Auditing Fees	75,137	-	-	-	-	-	-	666	-
91300	Management Fee	112,914	-	-	-	-	-	-	7,271	-
91310	Bookkeeping Fee	15,375	-	-	-	-	-	-	990	-
91400	Advertising and Marketing	1,612	-	-	-	-	-	-	2	-
91500	Employee Benefit Contributions - Administrative	49,450	-	-	-	-	-	-	-	-
91600	Office Expenses	60,805	-	-	-	-	-	-	11,928	-
91700	Legal Expenses	12,754	-	-	-	-	-	-	970	-
91800	Travel	9,788	3,799	-	-	-	-	-	10	-
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-
91900	Other Administrative Expenses	21,484	41,152	-	-	-	-	-	-	-
92000	Asset Management Fee	21,240	-	-	-	-	-	-	1,320	-
92100	Tenant Services - Salaries	11,250	-	-	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	5,154	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	128,109	-	-	-	-	-	-	8,654	-
93100	Water	11,026	-	-	-	-	-	-	-	-
93200	Electricity	18,013	-	-	-	-	-	-	-	-
93300	Gas	-	-	-	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-
93600	Sewer	26,602	-	-	-	-	-	-	-	-
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	108,064	-	-	-	-	-	-	11,413	-
94200	OMO - Materials and Other	73,701	4,576	-	-	-	-	-	5,527	-
94300	Ordinary Maintenance and Operations - Contract Costs	362,386	100,574	-	-	-	-	-	7,142	-
94500	Employee Benefit Contributions - Ordinary Maintenance	19,548	-	-	-	-	-	-	-	-

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2015

PHA: FL011 FYED: 12/31/2015										
Line Item No.	Account Description	AMP 1 Operating (Various Public Housing Sites)	AMP 1 Capital (Various Public Housing Sites)	AMP 2 Operating (Dakota Park)	AMP 2 Capital (Dakota Park)	AMP 3 Operating (Renaissance at Washington Ridge)	AMP 3 Capital (Renaissance at Washington Ridge)	AMP 4 Operating (Hampton Hills)	AMP 4 Capital (Hampton Hills)	
95100	Protective Services - labor	14,850	14,872	14,850	14,872	14,850	14,872	14,850	14,872	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-
95300	Protective Services - Other	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-
96110	Property Insurance	60,595	-	-	-	-	-	-	7,703	-
96120	Liability Insurance	18,266	-	-	-	-	-	-	55	-
96130	Workmen's Compensation	9,767	-	-	-	-	-	-	-	-
96140	All Other Insurance	176	-	-	-	-	-	-	-	-
96200	Other General Expenses	2,302	-	57,279	-	294,786	-	-	-	-
96210	Compensated Absences	4,999	-	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	18,645	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	1,395,055	150,101	57,279	-	294,786	-	70,870	-	-
97000	Excess Operating Revenue over Operating Expenses	(202,602)	113,411	-	-	-	-	29,861	-	-
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-
97350	HAP Portability-in	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	839,137	-	-	-	-	-	321	-	-
97500	Fraud losses	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-
90000	Total Expenses	2,234,192	150,101	57,279	-	294,786	-	71,191	-	-
10010	Operating transfers in	-	-	-	-	-	-	850	-	-
10020	Operating transfers out	-	(850)	-	-	-	-	-	-	-
10100	Total other financing sources (Uses)	-	(850)	-	-	-	-	850	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(1,041,739)	112,561	-	-	-	-	30,390	-	-
11030	Beginning Equity	9,584,740	-	-	-	-	-	1,491,530	-	-
11040.1	Transfer CFP hard costs to operations	112,561	(112,561)	-	-	-	-	-	-	-
11040.2	Transfer blended component unit beginning equity for FDS presentation	-	-	-	-	-	-	-	-	-
11040.3	Prior period adjustment - to record an intangible asset	-	-	-	-	-	-	-	-	-
11040	Prior Period Adjustments, Equity transfer and correction of errors	112,561	(112,561)	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	2,074	-	240	-	1,308	-	132	-	-
11210	Number of Unit Months Leased	2,050	-	238	-	1,304	-	132	-	-
11270	Excess Cash	2,894,421	-	-	-	-	-	18,566	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	57,076	-	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	228	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	44,049	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	11,208	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2015

PHA: FL011 FYED: 12/31/2015												
Line Item No.	Account Description	Total AMPS	Central Office Cost Center	Business Activities	Total Blended Component Units	Revitalization of Severely Distressed Public Housing	Housing Choice Voucher Program	Mainstream Voucher Program	Family Self-Sufficiency Program	YouthBuild Program	Eliminations	Total Primary Government
111	Cash - Unrestricted	197,784	-	-	307,253	14,866	14,871	26,404	2,650	17,274	-	534,091
112	Cash - Restricted - Modernization and Development	1,540,000	-	-	-	249,953	-	-	-	-	-	1,789,953
113	Cash - other restricted	19,692	-	-	-	-	143,419	-	-	-	-	163,111
114	Cash - Tenant Security Deposits	53,813	-	-	-	-	-	-	-	-	-	53,813
115	Cash - Restricted for payment of current liability	2,755	-	-	-	-	-	-	-	-	-	2,755
100	Total Cash	1,814,044	-	-	307,253	249,953	143,419	26,404	2,650	-	-	2,543,723
121	Accounts Receivable - PHA Projects	-	-	-	-	-	90,569	-	-	-	-	90,569
122	Accounts Receivable - HUD Other Projects	29,165	-	-	-	-	190,037	-	-	-	-	219,202
124	Accounts Receivable - other government	-	-	-	-	-	2,026	-	-	-	-	2,026
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	76,272	-	-	-	-	76,272
126	Accounts Receivable - Tenants - Dwelling Rents	3,244	-	1,300	30,380	-	-	-	-	-	-	34,924
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(1,751)	-	-	(19,753)	-	-	-	-	-	-	(21,504)
128	Fraud recovery	35,437	-	-	-	-	4,706	-	-	-	-	40,143
120	Total Receivables, net of allowances for doubtful accounts	66,095	-	1,300	10,627	-	363,610	-	-	-	-	441,632
142	Prepaid Expenses and Other Assets	44,380	40,970	-	2,000	-	-	684	-	897	-	88,931
144	Interprogram due from	2,854,413	-	-	2,762,127	-	-	-	-	-	(5,616,540)	-
150	Total Current Assets	4,778,932	40,970	1,300	3,082,007	249,953	507,029	27,088	2,650	897	(5,616,540)	3,074,286
161	Land	1,466,869	-	649,631	-	-	-	-	-	-	-	2,116,500
162	Buildings	11,485,176	-	42,424	-	-	-	-	-	-	-	11,527,600
163	Furniture, Equipment & Machinery - Dwellings	26,718	-	-	-	-	-	-	-	-	-	26,718
164	Furniture, Equipment & Machinery - Administration	825,769	33,768	-	-	-	28,867	-	-	21,299	-	909,703
166	Accumulated Depreciation	(10,557,881)	(18,563)	(12,727)	-	-	(20,133)	-	-	(15,265)	-	(10,624,569)
168	Infrastructure	582,079	-	-	-	-	-	-	-	-	-	582,079
160	Total Fixed Assets, Net of Accumulated Depreciation	3,828,730	15,205	679,328	-	-	8,734	-	-	6,034	-	4,538,031
171	Notes, loans, and mortgages receivable - Noncurrent	1,813,722	-	1,951,562	362,901	2,914,591	-	-	-	-	-	7,042,776
174	Other Assets	227,785	-	1,458,312	1,689,923	940,689	-	-	-	-	-	4,316,709
180	Total Non-Current Assets	5,870,237	15,205	4,089,202	2,052,824	3,855,280	8,734	-	-	6,034	-	15,897,516
190	Total Assets	10,649,169	56,175	4,090,502	5,134,831	4,105,233	515,763	27,088	2,650	6,931	(5,616,540)	18,971,802
311	Bank Overdraft	-	43,119	-	-	-	-	-	-	-	-	43,119
312	Accounts Payable <= 90 Days	1,063	3,002	3,229	759	-	-	-	-	323	-	8,376
321	Accrued Wage/Payroll Taxes Payable	4,948	7,733	-	4,145	-	3,601	-	679	2,811	-	23,917
322	Accrued Compensated Absences	4,999	7,165	-	6,268	-	4,449	-	690	2,951	-	26,522
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	53,813	-	-	-	-	-	-	-	-	-	53,813
342	Unearned Revenues	7,502	-	-	-	-	-	-	-	-	-	7,502
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	67,387	26,135	-	54,755	-	44,735	-	-	-	-	193,012
346	Accrued liabilities - other	-	57,645	-	-	-	16,500	-	-	-	-	74,145
347	Interprogram due to	-	2,895,530	2,548,848	-	-	163,530	-	-	8,632	(5,616,540)	-
310	Total Current Liabilities	139,712	3,040,329	2,552,077	65,927	-	232,815	-	1,369	14,717	(5,616,540)	430,406
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	19,692	-	-	-	-	143,419	-	-	-	-	163,111
354	Accrued compensated Absences - Non Current	9,283	13,306	-	11,640	-	8,262	-	1,281	5,481	-	49,253
355	Loan liability - noncurrent	303,000	-	-	-	-	-	-	-	-	-	303,000
300	Total Liabilities	471,687	3,053,635	2,552,077	77,567	-	384,496	-	2,650	20,198	(5,616,540)	945,770
508.4	Net investment in capital assets	3,828,730	15,205	679,328	-	-	8,734	-	-	6,034	-	4,538,031
511.4	Restricted Net Assets	3,581,507	-	3,409,874	1,925,173	4,105,233	-	-	-	-	-	13,021,787
512.4	Unrestricted Net Assets	2,767,245	(3,012,665)	(2,550,777)	3,132,091	-	122,533	27,088	-	(19,301)	-	466,214
513	Total Equity	10,177,482	(2,997,460)	1,538,425	5,057,264	4,105,233	131,267	27,088	-	(13,267)	-	18,026,032
600	Total Liabilities and Equity	10,649,169	56,175	4,090,502	5,134,831	4,105,233	515,763	27,088	2,650	6,931	(5,616,540)	18,971,802

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2015

PHA: FL011 FYED: 12/31/2015												
Line Item No.	Account Description	Total AMPS	Central Office Cost Center	Business Activities	Total Blended Component Units	Revitalization of Severely Distressed Public Housing	Housing Choice Voucher Program	Mainstream Voucher Program	Family Self-Sufficiency Program	YouthBuild Program	Eliminations	Total Primary Government
70300	Net Tenant Rental Revenue	308,357	-	2,800	-	14,866	14,871	14,879	14,896	17,274	-	311,157
70400	Tenant Revenue - Other	5,146	-	-	-	-	-	-	-	-	-	5,146
70500	Total Tenant Revenue	313,503	-	2,800	-	-	-	-	-	-	-	316,303
70600	HUD PHA Grants	1,228,450	-	-	-	-	9,220,503	290,644	104,856	-	-	10,844,453
70610	HUD PHA Capital Grants	112,561	-	-	-	-	-	-	-	-	-	112,561
70710	Management Fee	-	300,161	-	-	-	-	-	-	-	(300,161)	-
70720	Asset Management Fee	-	22,560	-	-	-	-	-	-	-	(22,560)	-
70730	Bookkeeping Fee	-	46,389	-	-	-	-	-	-	-	(46,389)	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	265,298	-	-	-	-	-	-	-	(168,000)	97,298
70800	Other government grants	-	-	-	-	-	-	-	-	554,170	-	554,170
71100	Investment Income - Unrestricted	336	-	7	2	-	75	-	-	-	-	420
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	143,795	20,512	-	541,431	-	228,648	-	-	6,536	-	940,922
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	110,116	-	-	-	155,792	-	-	-	-	-	265,908
70000	Total Revenue	1,908,761	654,920	2,807	541,433	155,792	9,449,226	290,644	104,856	560,706	(537,110)	13,132,035
91100	Administrative Salaries	143,132	390,473	-	164,042	-	122,943	17,130	-	54,302	-	892,022
91200	Auditing Fees	75,803	-	-	7,838	-	-	-	-	-	-	83,641
91300	Management Fee	120,185	-	-	-	-	179,976	-	-	-	(300,161)	-
91310	Bookkeeping Fee	16,365	-	-	-	-	30,024	-	-	-	(46,389)	-
91400	Advertising and Marketing	1,614	1,773	1,577	14	-	33	-	-	943	-	5,954
91500	Employee Benefit Contributions - Administrative	49,450	67,659	-	36,035	-	40,324	7,342	-	22,193	-	223,003
91600	Office Expenses	72,733	82,344	27,431	26,881	-	93,148	-	-	8,903	-	311,440
91700	Legal Expenses	13,724	18,384	13,996	4,179	-	597	-	-	569	-	51,449
91800	Travel	13,577	27,533	144	2,103	-	6,755	-	-	2,728	-	52,840
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-
91900	Other Administrative Expenses	62,636	30,400	-	7,600	-	140,249	78	3,637	121,013	-	365,613
92000	Asset Management Fee	22,560	-	-	-	-	-	-	-	-	(22,560)	-
92100	Tenant Services - Salaries	11,250	-	-	-	-	-	-	77,346	215,730	-	304,326
92200	Relocation Costs	-	-	-	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	5,154	-	-	-	-	-	-	21,122	43,591	-	69,867
92400	Tenant Services - Other	136,763	1,581	-	-	-	-	-	-	2,243	-	140,587
93100	Water	11,026	1,767	-	936	-	732	-	-	-	-	14,461
93200	Electricity	18,013	2,140	-	1,439	-	7,143	-	-	-	-	28,735
93300	Gas	-	-	-	214	-	-	-	-	-	-	214
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	26,602	667	-	-	-	248	-	-	-	-	27,517
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	119,477	-	-	12,075	-	-	-	-	1,216	-	132,768
94200	OMO - Materials and Other	83,804	7,503	-	30,141	-	4,057	-	-	738	-	126,243
94300	Ordinary Maintenance and Operations - Contract Costs	470,102	35,080	14,181	34,526	-	27,976	-	-	551	-	582,416
94500	Employee Benefit Contributions - Ordinary Maintenance	19,548	-	-	-	-	-	-	-	-	-	19,548

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2015

PHA: FL011 FYED: 12/31/2015												
Line Item No.	Account Description	Total AMPS	Central Office Cost Center	Business Activities	Total Blended Component Units	Revitalization of Severely Distressed Public Housing	Housing Choice Voucher Program	Mainstream Voucher Program	Family Self-Sufficiency Program	YouthBuild Program	Eliminations	Total Primary Government
95100	Protective Services - labor	-	-	-	-	14,866	14,871	14,879	14,896	17,274	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-	-	-
95300	Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-	-	-	-
96110	Property Insurance	68,298	-	-	-	-	-	-	-	-	-	68,298
96120	Liability Insurance	18,321	-	-	-	-	-	-	-	4,247	-	22,568
96130	Workmen's Compensation	9,767	14,366	-	4,700	-	5,187	-	780	7,076	-	41,876
96140	All Other Insurance	176	-	-	-	-	-	-	-	-	-	176
96200	Other General Expenses	354,367	-	1,374	292,234	-	6,711	-	-	-	(168,000)	486,696
96210	Compensated Absences	4,999	6,058	-	6,268	-	4,449	-	1,971	2,951	-	26,696
96300	Payments in Lieu of Taxes	18,645	-	-	-	-	-	-	-	-	-	18,645
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-	-	-	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	-	-	9,770	-	-	-	-	-	-	-	9,770
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	1,968,091	687,728	68,473	631,225	-	670,552	24,550	104,856	488,994	(537,110)	4,107,359
97000	Excess Operating Revenue over Operating Expenses	(59,330)	(32,808)	(65,666)	(89,792)	155,792	8,778,674	266,094	-	71,712	-	9,024,676
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	-	-	-	-	8,542,720	257,731	-	-	-	8,800,451
97350	HAP Portability-in	-	-	-	-	-	173,207	-	-	-	-	173,207
97400	Depreciation Expense	839,458	6,276	2,121	-	-	4,124	-	-	4,260	-	856,239
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	2,807,549	694,004	70,594	631,225	-	9,390,603	282,281	104,856	493,254	(537,110)	13,937,256
10010	Operating transfers in	850	-	-	-	-	4,044	-	-	-	(4,894)	-
10020	Operating transfers out	(850)	-	-	-	-	-	(4,044)	-	-	4,894	-
10100	Total other financing sources (Uses)	-	-	-	-	-	4,044	(4,044)	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(898,788)	(39,084)	(67,877)	(89,792)	155,792	62,667	4,319	-	67,452	-	(805,221)
11030	Beginning Equity	11,076,270	(2,958,376)	3,973,515	2,626,526	3,949,441	68,600	22,769	-	(80,719)	-	18,678,026
11040.1	Transfer CFP hard costs to operations	-	-	-	-	-	-	-	-	-	-	-
11040.2	Transfer blended component unit beginning equity for FDS presentation	-	-	(2,367,303)	2,367,303	-	-	-	-	-	-	-
11040.3	Prior period adjustment - to record an intangible asset.	-	-	-	153,227	-	-	-	-	-	-	153,227
11040	Prior Period Adjustments, Equity transfer and correction of errors	-	-	(2,367,303)	2,520,530	-	-	-	-	-	-	153,227
11170	Administrative Fee Equity	-	-	-	-	-	131,267	-	-	-	-	131,267
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	3,754	-	12	-	-	17,760	540	-	-	-	22,066
11210	Number of Unit Months Leased	3,724	-	12	-	-	15,089	489	-	-	-	19,314
11270	Excess Cash	2,912,988	-	-	-	-	-	-	-	-	-	2,912,988
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	57,076	-	-	-	-	-	-	-	-	-	57,076
11630	Furniture & Equipment - Dwelling Purchases	228	-	-	-	-	-	-	-	-	-	228
11640	Furniture & Equipment - Administrative Purchases	44,049	-	-	-	-	-	-	-	-	-	44,049
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	11,208	-	-	-	-	-	-	-	-	-	11,208
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

SCHEDULE OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES

Year ended December 31, 2015

PROGRAM	FL14P011 501-11	FL14P011 501-12	FL14P011 E501-12	FL14P011 501-13	FL14P011 501-14	FL14P011 501-15	Total
BUDGET	\$ 562,980	\$ 327,414	\$ 250,000	\$ 251,538	\$ 341,004	\$ 345,575	\$ 2,078,511
ADVANCES							
Cash receipts - prior years	\$ 503,043	\$ 282,465	\$ 233,783	\$ 98,012	\$ 4,036	\$ -	\$ 1,121,339
Cash receipts - current year	59,937	23,092	16,217	108,181	25,770	32,090	265,287
Cumulative as of December 31, 2015	562,980	305,557	250,000	206,193	29,806	32,090	1,386,626
COSTS							
Prior years	503,043	275,041	235,558	95,051	43,586	-	1,152,279
Current year	59,937	30,516	14,442	111,142	15,385	32,090	263,512
Cumulative as of December 31, 2015	562,980	305,557	250,000	206,193	58,971	32,090	1,415,791
RECEIVABLES DUE FROM HUD	\$ -	\$ -	\$ -	\$ -	\$ 29,165	\$ -	\$ 29,165
SOFT COSTS							
Prior years	\$ 219,428	\$ 261,485	\$ 235,558	\$ 37,426	\$ 43,586	\$ -	\$ 797,483
Current year	-	10,469	-	100,650	7,742	32,090	150,951
Cumulative as of December 31, 2015	219,428	271,954	235,558	138,076	51,328	32,090	948,434
HARD COSTS							
Prior years	283,615	13,556	-	57,625	-	-	354,796
Current year	59,937	20,047	14,442	10,492	7,643	-	112,561
Cumulative as of December 31, 2015	343,552	33,603	14,442	68,117	7,643	-	467,357
CUMULATIVE HARD AND SOFT COSTS	\$ 562,980	\$ 305,557	\$ 250,000	\$ 206,193	\$ 58,971	\$ 32,090	\$ 1,415,791

The following RHF grants have been awarded and are unspent as of December 31, 2015:

FL14R011502-09	\$ 282,108
FL14R011504-09	149,804
FL14R011502-10	441,385
FL14R011502-11	380,321
FL14R011502-12	70,661
FL14R011501-13	208,904
FL14R011502-13	62,529
FL14R011501-14	185,710
FL14R011501-15	187,612
	<u>\$ 1,969,034</u>

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

SCHEDULE OF ACTUAL HOPE VI PROGRAM COSTS AND ADVANCES

Year ended December 31, 2015

PROGRAM	FL14URD 011R199
BUDGET	<u>\$ 21,842,801</u>
ADVANCES	
Cash receipts - prior years	\$ 19,909,785
Cash receipts - current year	<u>-</u>
Cumulative as of December 31, 2015	<u>19,909,785</u>
COSTS	
Prior years	19,909,785
Current year	<u>-</u>
Cumulative as of December 31, 2015	<u>19,909,785</u>
RECEIVABLES DUE FROM HUD	<u>\$ -</u>
SOFT COSTS	
Prior years	\$ 16,930,271
Current year	<u>-</u>
Cumulative as of December 31, 2015	<u>16,930,271</u>
HARD COSTS	
Prior years	64,923
Current year	<u>-</u>
Cumulative as of December 31, 2015	<u>64,923</u>
OTHER COSTS LOANED TO RELATED ENTITIES	
Prior years	2,914,591
Current year	<u>-</u>
Cumulative as of December 31, 2015	<u>2,914,591</u>
CUMULATIVE HARD AND SOFT COSTS	<u>\$ 19,909,785</u>

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

SCHEDULE OF ACTUAL FAMILY SELF-SUFFICIENCY PROGRAM COSTS AND ADVANCES

Year ended December 31, 2015

PROGRAM	133A014
BUDGET	<u>\$ 104,856</u>
ADVANCES	
Cash receipts - prior years	\$ -
Cash receipts - current year	<u>104,856</u>
Cumulative as of December 31, 2015	<u>104,856</u>
COSTS	
Prior years	-
Current year	<u>104,856</u>
Cumulative as of December 31, 2015	<u>104,856</u>
RECEIVABLES DUE FROM HUD	<u>\$ -</u>

See independent auditor's report.

SINGLE AUDIT SECTION

Housing Authority of the City of Lakeland, Florida

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA Number		Federal Expenditures
<u>Direct from the U.S. Department of Housing and Urban Development:</u>			
Public and Indian Housing	14.850		\$ 1,077,499
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers Program	14.871	\$ 9,220,503	
Mainstream Vouchers Program	14.879	290,644	
Subtotal Housing Voucher Cluster			9,511,147
Family Self-Sufficiency Program	14.896		104,856
Public Housing Capital Fund Program	14.872		263,512
			10,957,014
<u>Pass through from the State of Florida:</u>			
YouthBuild Program	17.274		554,170
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 11,511,184

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Lakeland, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Section 8 Housing Choice Voucher Program ("HCV"), CFDA Number 14.871, to be an expenditure for the purposes of this schedule. Therefore, the amount in this schedule represents the total amount received directly from HUD and not the total expenditures paid by the Authority.

See independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the City of Lakeland, Florida
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Lakeland, Florida (the "Authority"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

September 28, 2016
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Housing Authority of the City of Lakeland, Florida
Lakeland, Florida

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Lakeland, Florida's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Basis for Qualified Opinion on CFDA No. 14.850 Public and Indian Housing

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with the requirements regarding Allowability of Activities and Costs for CFDA No. 14.850 Public and Indian Housing as described in **Finding No. 2015-001**. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Qualified Opinion on CFDA No. 14.850 Public and Indian Housing

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA No. 14.850 Public and Indian Housing for the year ended December 31, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as **Finding No. 2015-002**. Our opinion on the major federal programs is not modified with respect to these matters.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Report on Internal Control Over Compliance (continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as **Finding No. 2015-002** that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

September 28, 2016
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Housing Authority of the City of Lakeland, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2015

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified? **No**

Significant deficiencies identified? **None Reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weaknesses identified? **No**

Significant deficiencies identified? **Yes (Finding No. 2015-002)**

Type of auditor's report issued on compliance for major programs:

Public and Indian Housing - **Qualified (Finding No. 2015-001)**
Housing Voucher Cluster - **Unmodified**

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a) are included in this schedule.

The programs tested as major programs are as follows:

- Public and Indian Housing - CFDA No. 14.850
- Housing Voucher Cluster
 - Section 8 Housing Choice Vouchers Program - CFDA No. 14.871
 - Mainstream Vouchers Program - CFDA No. 14.879

The threshold for distinguishing types A and B programs was **\$750,000**

Did the auditee qualify as a low-risk auditee? **No**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

Housing Authority of the City of Lakeland, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2015

C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2015-001 Allowable Activity/Costs - Interprogram Activity

Public and Indian Housing

Material Noncompliance

Repeated in part from 2012 audit (see prior year finding 2014-001)

Condition: Currently the Authority maintains a material interprogram receivable in asset management project ("AMP") 1, which is due from the Central Office Cost Center ("COCC"). As of December 31, 2015, the interprogram receivable for AMP 1 was \$2,854,413. This interprogram receivable decreased during 2015 by \$116,703 from the ending balance in 2014 of \$2,971,116.

Context: We reviewed the Authority's interprogram balances for allowability of activities and costs.

Criteria: Per HUD regulations and the line definition guide issued by HUD for the Financial Data Schedule, funds in the AMP can only be transferred to other AMPs or to the COCC for a fee for service or other pre-approved HUD exceptions. The Authority is cautioned that funds are normally not fungible between different federal programs regardless of the nature of the transfer or receivable. Inappropriate use of funds, even a temporary loan, are considered ineligible costs resulting in non-compliance. The AMPs, under current laws, should not loan the COCC any funds.

Effect: The Authority is not in compliance with HUD requirements regarding eligible use of federal funds.

Questioned Costs: \$2,854,413

Cause: The Authority has maintained a significant interfund receivable in AMP 1 for several years in part from needed borrowings created by operating losses in the COCC.

Auditor's Recommendations: The Authority should follow the Recovery Plan they have implemented with HUD to pay back the interprogram receivable. The Authority should continue to budget and monitor COCC expenses to not increase any future borrowings, and to have the ability to reimburse AMP 1 for the borrowed funds.

Management's Response: See the Corrective Action Plan in this report.

Housing Authority of the City of Lakeland, Florida
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2015

C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (continued)

2015-002 Eligibility

Housing Choice Voucher Cluster

Significant Deficiency in Internal Control

Other matter required to be reported in accordance with Uniform Guidance

Condition: Out of a total tenant population of approximately 1,300 tenants, 40 tenant files were tested and exceptions were noted as follows:

- Five files used incorrect utility allowances and
- One file had an incorrect calculation of child support payments.

Context: The auditor randomly selected 40 tenants out of the population, which we consider to be a statistically valid sample size, for testing HAP calculation and monthly HAP payments for the fiscal year. The auditor reviewed the tenant file and support to ensure controls over compliance were operating effectively.

Criteria: 24 CFR 982.516 requires internal controls to be in place to ensure compliance with HUD requirements, as well as complete and accurate tenant files. In addition, the Authority's administrative plan also requires following proper procedures for determination of HAP and documentation in the tenant files.

Cause: Procedures to ensure compliance with all of the HUD requirements were not being fully implemented, specifically relating to the software controls over utility allowance calculation.

Effect: The Authority is not in compliance with all of the HUD requirements regarding eligibility and tenant recertification, which could result in incorrect total tenant payments for rent and HAP payment to landlords.

Auditor's Recommendations: The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures.

Management's Response: See the Corrective Action Plan in this report.

Housing Authority of the City of Lakeland, Florida

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

December 31, 2015

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

2014-001 Allowable Activity/Costs - Interprogram Activity

Material Noncompliance

Repeated in part from 2012 audit (see prior year findings 2013-002 and 2012-003)

Condition: Currently the Authority maintains a material interprogram receivable in asset management project ("AMP") 1, which is due from the Central Office Cost Center ("COCC"). As of December 31, 2014, the interprogram receivable for AMP 1 was \$2,971,116. This interprogram receivable decreased during 2014 by approximately \$1,200,000 from the ending balance in 2013 of approximately \$4,100,000.

Auditor's Recommendations: The Authority should follow, upon HUD's approval, the Recovery Plan they have implemented with HUD to pay back the interprogram receivable. The Authority should continue to budget and monitor COCC expenses to not increase any future borrowings, and to have the ability to reimburse AMP 1 for the borrowed funds.

Current Status: Repeated (see Finding 2015-001).



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Executive Director

430 Hartsell Ave
Lakeland, FL 33815

MAIN OFFICE

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www.LakelandHousing.org

CORRECTIVE ACTION PLAN

September 28, 2016

U.S. Department of Housing and Urban Development

The Housing Authority of the City of Lakeland, Florida respectfully submits the following corrective action plan for the year ended December 31, 2015.

Berman Hopkins Wright & LaHam, CPAs and Associates, LLP
8035 Spyglass Hill Road
Melbourne, FL 32940

Audit period: January 1, 2015 – December 31, 2015

The findings from the December 31, 2015 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENTS AUDIT

2015-001 Allowable Activity/Costs - Interprogram Activity

Condition: Currently the Authority maintains a material interprogram receivable in asset management project ("AMP") 1, which is due from the Central Office Cost Center ("COCC"). As of December 31, 2015, the interprogram receivable for AMP 1 was \$2,854,413. This interprogram receivable decreased during 2015 by \$116,703 from the ending balance in 2014 of \$2,971,116.

Auditor's Recommendation: The Authority should follow the Recovery Plan they have implemented with HUD to pay back the interprogram receivable. The Authority should continue to budget and monitor COCC expenses to not increase any future borrowings, and to have the ability to reimburse AMP 1 for the borrowed funds.

Action Taken: LHA will continue to follow the Recovery Plan that was implemented with HUD to payback the interprogram receivable. However, LHA will also seek to negotiate a new repayment schedule that allows for repayment of funds beyond 2018. The proposed amendment will still include payback of the interprogram receivable with funds resulting from the sale of certain identified property and by continuing efforts towards operating under budgetary constraints with effective fiscal management policies. Adherence to timelines outlined by the Recovery

Plan and negotiation of a new repayment schedule continues to be in progress under the supervision of Benjamin Stevenson, Executive Director.

2015-002 Eligibility

Condition: Out of a total tenant population of approximately 1,300 tenants, 40 tenant files were tested and exceptions were noted as follows:

- Five files used incorrect utility allowances and
- One file had an incorrect calculation of child support payments.

Auditor's Recommendations: The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures.

Action Taken: LHA examined all participant files verifying and confirming that the correct utility allowance schedule is being utilized and participant data has been corrected when noted to be necessary – completed July 31, 2016. Management has strengthened internal controls over recertification and compliance with eligibility and rent calculations. New procedures include providing staff with utility allowance compliance requirements and updates including PIH Notices articulating HUD's current procedures pertaining to utility allowance implementation. Quality control procedures have been augmented requiring that 10% of all recertification's' completed each month be randomly selected to testing – with management monitoring the results to ensure internal control remains strong and effective.

If the Department of Housing and Urban Development has questions regarding this plan, please call Benjamin Stevenson, Executive Director at (863) 687-2911.

Sincerely yours,



Benjamin Stevenson
Executive Director