

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

**Basic
Financial Statements and
Supplemental Information**

**Year ended
December 31, 2014**



TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplemental Information)	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Basic Financial Statements	14
SUPPLEMENTAL INFORMATION	
Financial Data Schedule	40
Schedules of Actual Program Costs and Advances	46
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	50
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 <i>Government Auditing Standards</i>	51
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	53
Schedule of Findings and Questioned Costs	56
Summary Schedule of Prior Year Audit Findings	58
Corrective Action Plan	61

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, 2014, 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. 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 business-type activities of the Authority, as of December 31, 2014 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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 August 28, 2015 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, 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.

August 28, 2015
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, 2014. 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, 2014, by \$18,678,026 (net position), a decrease of \$1,845,744 from the previous year.
- The Authority had revenue from the U.S. Department of Housing and Urban Development ("HUD") of \$10,241,234, which includes funds for capital asset activities.
- The Authority's cash balance as of December 31, 2014, was \$2,723,948, an increase of \$35,446 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>2014</u>	<u>2013</u>	<u>Net Change</u>
Current assets	\$ 4,690,632	\$ 5,929,259	\$ (1,238,627)
Capital assets, net	5,263,617	6,096,408	(832,791)
Other noncurrent assets	9,892,224	9,761,434	130,790
Total assets	<u>19,846,473</u>	<u>21,787,101</u>	<u>(1,940,628)</u>
Current liabilities	704,724	855,330	(150,606)
Long-term debt	220,289	239,518	(19,229)
Other noncurrent liabilities	243,434	168,483	74,951
Total liabilities	<u>1,168,447</u>	<u>1,263,331</u>	<u>(94,884)</u>
Net investment in capital assets	5,024,985	5,839,433	(814,448)
Restricted	5,403,063	3,781,860	1,621,203
Unrestricted	8,249,978	10,902,477	(2,652,499)
Total net position	<u>\$ 18,678,026</u>	<u>\$ 20,523,770</u>	<u>\$ (1,845,744)</u>

Current Assets decreased by \$1,238,627 primarily due to a decrease in amounts due from HUD and due from related parties and affiliates.

Net Capital Assets decreased by \$832,791 primarily due to current year depreciation expense and disposals offset by current year additions.

Current Liabilities reflect a decrease of \$150,606 primarily due to decreases in accounts payable related to the timing of payments and decreases in accrued salaries and benefits related to the Authority's reduction in staff.

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. LHA had a current year decrease in this component of net position of \$814,448 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, 2014, the Authority had \$5,403,063 of funds reserved as restricted net position which consisted primarily of \$3,699,488 of notes receivable and related interest that originated from HUD through HOPE VI awards that are restricted in their future availability for operations, and as such are reflected in restricted net position (see Note A-5-c). In addition, funds were restricted for modernization which consisted of \$1,453,622 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 \$8,249,978 in unrestricted net position. The Authority's unrestricted component of net position is designated for housing-related purposes.

Financial Analysis (continued)

	<u>Changes in Net Position</u>		
	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
Operating revenues			
HUD revenues	\$ 10,228,370	\$ 10,565,785	\$ (337,415)
Other revenues	1,678,050	2,178,803	(500,753)
Total operating revenues	<u>11,906,420</u>	<u>12,744,588</u>	<u>(838,168)</u>
Operating expenses			
Administrative	2,230,755	2,879,734	(648,979)
Tenant services	596,712	358,317	238,395
Utilities	142,331	142,598	(267)
Maintenance	969,777	450,019	519,758
Protective services	-	2,926	(2,926)
General	815,127	655,402	159,725
Depreciation	856,564	830,993	25,571
Housing assistance payments	8,425,738	9,169,369	(743,631)
Total operating expenses	<u>14,037,004</u>	<u>14,489,358</u>	<u>(452,354)</u>
Operating income (loss)	<u>(2,130,584)</u>	<u>(1,744,770)</u>	<u>(385,814)</u>
Nonoperating revenues (expenses)			
Loss on disposal of assets held for sale	(36,672)	-	(36,672)
Interest income - unrestricted	54,836	66	54,770
Interest income - restricted	265,414	255,065	10,349
Interest expense	(11,602)	(15,261)	3,659
Total nonoperating revenues (expenses)	<u>271,976</u>	<u>239,870</u>	<u>32,106</u>
Change in net position before capital contributions	(1,858,608)	(1,504,900)	(353,708)
Capital contributions			
HUD capital grants	12,864	212,637	(199,773)
Change in net position	(1,845,744)	(1,292,263)	(553,481)
Total net position - beginning	<u>20,523,770</u>	<u>21,816,033</u>	<u>(1,292,263)</u>
Total net position - ending	<u>\$ 18,678,026</u>	<u>\$ 20,523,770</u>	<u>\$ (1,845,744)</u>

Total Operating Revenue decreased by \$838,168 primarily due to a decrease in port-in revenue and HAP subsidy related to a decrease in leased unit months for 2014 received from HUD for the Housing Choice Voucher program.

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

Financial Analysis (continued)

Total Operating Expenses decreased by \$452,354 during 2014 as compared to 2013. This is primarily the result of decreases in HAP and administrative expenses offset by increases in maintenance and tenant services. The net decrease in total operating expenses is due to:

- Administrative expenses decreased by \$648,979 primarily as a result of decreases in salaries relating to a reduction in staff.
- Maintenance expenses increased by \$519,758 primarily as a result of increased maintenance efforts including preventative maintenance.
- Tenant services expenses increased by \$238,395, primarily as a result of increases in salaries and benefits for the YouthBuild and Resident Opportunity Supportive Services programs.
- HAP expense decreased by approximately \$743,631 as a result of a \$360,714 decrease in port-in HAP expense and a decrease of 258 leased unit months in 2014 when compared to 2013.

Nonoperating Revenues (Expenses) increased by \$32,106 primarily due to an increase in unrestricted interest income resulting from interest income earned by the Authority's blended component unit, Polk County Housing, Inc. This increase was offset by a loss on the sale of an asset, discussed below.

Capital Asset and Debt Activity

At the end of fiscal year 2014, the Authority's capital assets decreased by \$832,791. The net change was due to current year depreciation expense of \$856,564 offset by additions to capital assets of \$175,173, primarily comprised of building improvements. In addition, the Authority sold property with a net book value of \$154,672 for proceeds of \$118,000 resulting in a loss on the sale of \$36,672. The accompanying financial statements include a detailed roll forward of capital assets in Note B-3.

At the end of the fiscal year 2014, the Authority had capital-related debt of \$238,632, of which \$18,343 is classified as current. The balance represents a decrease in debt from the previous year-end in the amount of \$18,343 as a result of current year principal payments.

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, 2014

ASSETS

CURRENT ASSETS

Cash - unrestricted	\$ 776,947
Cash - restricted	1,777,261
Receivables, net	142,994
Due from HUD	107,928
Due from related parties	1,811,944
Prepaid expenses	73,558
Total current assets	<u>4,690,632</u>

NONCURRENT ASSETS

Cash - restricted	169,740
Capital assets, net	5,263,617
Accrued interest receivable from related parties - restricted	936,382
Developer fee receivable from related parties	3,491,312
Notes receivable from related parties	1,948,991
Notes receivable from related parties - restricted	2,914,591
Other notes receivable	431,208
Total assets	<u>19,846,473</u>

LIABILITIES

CURRENT LIABILITIES

Current portion of long-term debt	18,343
Accounts payable	52,968
Accrued salaries and benefits	41,111
Accrued compensated absences	32,635
Tenant security deposits	57,318
Due to related parties	430,949
Other current liabilities	71,400
Total current liabilities	<u>704,724</u>

NONCURRENT LIABILITIES

Long-term debt	220,289
Accrued compensated absences	60,607
Family self-sufficiency escrow	169,740
Other noncurrent liabilities	13,087
Total liabilities	<u>1,168,447</u>

NET POSITION

Net investment in capital assets	5,024,985
Restricted	5,403,063
Unrestricted	8,249,978
Total net position	<u>\$ 18,678,026</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, 2014

OPERATING REVENUES	
HUD operating revenues	\$ 10,228,370
Other government operating grants	390,779
Tenant revenue, net	280,670
Other operating revenue	1,006,601
Total operating revenues	<u>11,906,420</u>
OPERATING EXPENSES	
Administrative	2,230,755
Tenant services	596,712
Utilities	142,331
Maintenance	969,777
General	815,127
Depreciation	856,564
Housing assistance payments	8,425,738
Total operating expenses	<u>14,037,004</u>
OPERATING LOSS	<u>(2,130,584)</u>
NONOPERATING REVENUES (EXPENSES)	
Loss on disposal of assets held for sale	(36,672)
Interest income - unrestricted	54,836
Interest income - restricted	265,414
Interest expense	(11,602)
Total nonoperating revenues (expenses)	<u>271,976</u>
Change in net position before capital contributions	(1,858,608)
CAPITAL CONTRIBUTIONS	
HUD capital grants	<u>12,864</u>
CHANGE IN NET POSITION	(1,845,744)
Total net position - beginning of year	<u>20,523,770</u>
Total net position - end of year	<u>\$ 18,678,026</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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

HUD operating grants received	\$ 10,392,285
Other government operating grants received	593,335
Collections from tenants	308,825
Collections from other sources	1,891,981
Payments to employees	(2,337,038)
Payments to suppliers	(635,846)
Housing assistance payments	<u>(10,565,785)</u>
Net cash used in operating activities	<u>(352,243)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

HUD capital grants received	197,184
Purchase of property and equipment	(175,173)
Proceeds from the sale of capital assets	114,727
Payments on long-term debt	(18,343)
Interest paid	<u>(11,602)</u>
Net cash provided by capital and related financing activities	<u>106,793</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	54,836
Interest received - restricted	33,878
Interest received on notes receivable	75,744
Interest received on notes receivable - restricted	155,792
Collections on notes receivable	10,646
Issuance of notes receivable	<u>(50,000)</u>
Net cash provided by investing activities	<u>280,896</u>

NET INCREASE IN CASH

35,446

CASH AT BEGINNING OF YEAR

2,688,502

CASH AT END OF YEAR

\$ 2,723,948

RECONCILIATION TO STATEMENT OF NET POSITION

Cash - unrestricted	\$ 776,947
Cash - restricted current	1,777,261
Cash - restricted noncurrent	<u>169,740</u>
	<u><u>\$ 2,723,948</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, 2014

RECONCILIATION OF OPERATING LOSS TO NET

CASH USED IN OPERATING ACTIVITIES

Operating loss	\$ (2,130,584)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	856,564
Amortization	10,646
Provision for bad debt	133,193
(Increase) decrease in assets:	
Receivables, net	(84,632)
Due from HUD	163,915
Due from related parties	632,212
Prepaid expenses	65,509
Due from other governments	97,953
Accrued interest receivable from related parties	(307,275)
Developer fee receivable from related parties	286,796
Increase (decrease) in liabilities:	
Accounts payable	(44,603)
Accrued salaries and benefits	(49,814)
Accrued compensated absences	(21,083)
Family self-sufficiency escrow	64,012
Due to related parties	7,062
Other current liabilities	(32,114)
Net cash used in operating activities	<u>\$ (352,243)</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, 2014

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 eleven (11) 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
- Dakota GP, Inc.
- Renaissance GP, Inc.
- 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, 2014

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 receivable from LPHC in the amount of \$1,329,966 at December 31, 2014. 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-f and B-4-g) resulting in a payable to LPHC in the amount of \$303,000 at December 31, 2014.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Related organizations (continued)

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.

The Authority provides all operational and administrative support functions for LPHC 2, Inc. on a cost reimbursement basis.

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 receivable from Renaissance in the amount of \$9,653 at December 31, 2014. In addition, during the year ended December 31, 2014, the Authority passed through \$370,740 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 a receivable from West Bartow in the amount of \$50,648 at December 31, 2014.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Related organizations (continued)

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.

The Authority provides certain operational and administrative support functions for Dakota Park on a cost reimbursement basis. The Authority has a receivable from Dakota Park in the amount of \$56,862 and a payable to Dakota Park in the amount of \$17,500 at December 31, 2014. In addition, during the year ended December 31, 2014, the Authority passed through \$103,106 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 \$9,297 at December 31, 2014.

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 receivable from Colton Meadow in the amount of \$364,201 and a payable to Colton Meadow in the amount of \$101,152 at December 31, 2014.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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, 2014.

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, 2014.

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, 2014

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 \$27,650 in accounts written off.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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, Resident Opportunity and Supportive Services (“ROSS”) 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, 2014.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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, 2014. 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 the partnerships of the Dakota Park and Renaissance complexes that were redeveloped using HOPE VI Grant funds (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, 2014

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, 2014, the interprogram receivables and payables net to zero and \$3,215,622 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 \$273,942 of fees for service have been eliminated for the year ended December 31, 2014.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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, 2014, 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 \$5,403,063 of restricted net position which consists of the following:

- \$2,914,591 of mortgage notes receivable and \$784,897 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).
- \$1,453,622 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.

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.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2014, 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 2010 through 2014.

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.

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.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTE B - DETAILED NOTES

1. Deposits

As of December 31, 2014, the Authority's cash consist of deposits with a book balance of \$2,723,948.

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, 2014, 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, 2014, the Authority mitigated their exposure to credit risk by following HUD regulations.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

1. Deposits (continued)

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, 2014, none of the Authority's total balances held in banks and financial institutions of \$3,146,488 were exposed to custodial credit risk, as all were either fully insured or collateralized.

Restricted cash

Cash was restricted for the following purposes at December 31, 2014:

Current:		
Modernization - proceeds from sale of public housing	\$	1,453,622
Modernization - HOPE VI		249,953
Security deposits		57,318
HCV family self-sufficiency escrows		14,379
Public Housing family self-sufficiency escrows		1,989
Total current restricted cash		<u>1,777,261</u>
Noncurrent:		
HCV family self-sufficiency escrows		128,604
Public Housing family self-sufficiency escrows		41,136
Total restricted cash	\$	<u><u>1,947,001</u></u>

2. Receivables, net

As of December 31, 2014, receivables, net consist of:

Miscellaneous receivables	\$	65,565
Tenant receivables		58,949
Fraud receivables		7,060
Total receivables		<u>131,574</u>
Allowance for doubtful accounts - tenants		<u>(43,957)</u>
	\$	<u><u>87,617</u></u>

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

3. Capital assets

A summary of changes in capital assets is as follows:

	Balance at January 1, 2014	Transfers in/ Additions	Transfers out/ Deletions	Balance at December 31, 2014
Non-depreciable:				
Land	\$ 2,116,500	\$ -	\$ -	\$ 2,116,500
Construction in progress	31,551	-	(31,551)	-
Total non-depreciable	2,148,051	-	(31,551)	2,116,500
Depreciated:				
Buildings and improvements	11,398,763	193,860	(151,399)	11,441,224
Equipment - administration	858,966	6,688	-	865,654
Equipment - dwelling	20,314	6,176	-	26,490
Infrastructure	582,079	-	-	582,079
Total depreciated	12,860,122	206,724	(151,399)	12,915,447
Total capital assets	15,008,173	206,724	(182,950)	15,031,947
Less accumulated depreciation				
Buildings and improvements	(7,858,694)	(817,892)	-	(8,676,586)
Equipment - administration	(454,336)	(4,892)	-	(459,228)
Equipment - dwelling	(16,657)	(33,780)	-	(50,437)
Infrastructure	(582,079)	-	-	(582,079)
Total accumulated depreciation	(8,911,766)	(856,564)	-	(9,768,330)
Capital assets, net	\$ 6,096,407	\$ (649,840)	\$ (182,950)	\$ 5,263,617

4. Notes, accrued interest and developer fees receivable

The Authority has entered into various loan 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.

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, 2014. 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, 2014

NOTE B - DETAILED NOTES (continued)

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

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

The mortgage bears interest at the highest AFR rate established by the Internal Revenue Service (3.57% at December 31, 2014). 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 \$434,429 at December 31, 2014.

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, 2014 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, 2014. 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, 2014. 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 (3.57% at December 31, 2014). 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 \$350,468 at December 31, 2014.

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, 2014 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 \$382,176 at December 31, 2014. 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.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

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

c. *Bonnet Shores, LLLP ("Lake Bonnet")*

On May 27, 2010, as part of a mixed finance arrangement, the Authority has executed a mortgage note with Lake Bonnet 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, 2014. 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 is to be 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, 2014, there was \$151,485 of unpaid accrued interest receivable related to this mortgage at December 31, 2014.

The Authority also earned a developer fee in prior years in the amount of \$1,862,443 from Lake Bonnet, of which \$320,033 is outstanding at December 31, 2014 and which is to be paid from future available cash flow of the project.

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, 2014. 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, 2014.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

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

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

The Authority also earned a developer fee in prior years in the amount of \$1,749,460 from Colton Meadow, of which \$197,907 is outstanding at December 31, 2014 and which is to be paid from future available cash flow of the project.

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 \$1,515,059 at December 31, 2014 and which is to be paid from future available cash flow of the project.

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

f. *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. A portion of the mortgage balance will be forgiven according to the agreed upon schedule as long as the mortgagor remains in the condominium. 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). The Authority records the forgiveness of principal on an annual basis.

g. *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. Part of the mortgage balance will be forgiven according to the agreed upon schedule as long as the mortgagor remains in the home. 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. The Authority records the forgiveness of principal on an annual basis.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

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

The following receivables primarily are not due during the next fiscal year and are presented as long-term. The following is a summary of the changes in the notes receivable for the year ended December 31, 2014:

	Balance at January 1, 2014	Additions	Retirement/ Amortization	Balance at December 31, 2014	Due within one year
Amounts due from related parties:					
Dakota Park mortgage note - HOPE VI	\$ 714,591	\$ -	\$ -	\$ 714,591	\$ -
Dakota Park accrued interest - HOPE VI	393,697	40,732	-	434,429	-
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	235,408	115,060	-	350,468	-
Renaissance developer fee	1,308,453	-	-	1,308,453	-
Renaissance promissory note	382,176	-	-	382,176	-
Villas at Lake Bonnet mortgage note	1,009,877	-	-	1,009,877	-
Villas at Lake Bonnet accrued interest	75,741	75,744	-	151,485	-
Villas at Lake Bonnet developer fee	450,000	-	(129,967)	320,033	-
Colton Meadow mortgage note	450,845	-	-	450,845	-
Colton Meadow developer fee	346,026	-	(148,119)	197,907	-
West Bartow developer fee	1,523,770	54,668	(63,379)	1,515,059	-
Twin Lakes promissory note	4,713	-	-	4,713	-
Subtotal of amounts due from related parties	9,346,536	286,204	(341,465)	9,291,275	-
Other notes receivable:					
Second mortgages	140,854	50,000	(10,646)	180,208	-
Third mortgages	251,000	-	-	251,000	-
Total	<u>\$ 9,738,390</u>	<u>\$ 336,204</u>	<u>\$ (352,111)</u>	<u>\$ 9,722,483</u>	<u>\$ -</u>
Total by category:					
Notes receivable from related parties	\$ 1,948,991	\$ -	\$ -	\$ 1,948,991	\$ -
Notes receivable from related parties - restricted	2,914,591	-	-	2,914,591	-
Other notes receivable	391,854	50,000	(10,646)	431,208	-
Accrued interest - restricted	704,846	231,536	-	936,382	-
Developer fee	3,778,108	54,668	(341,465)	3,491,311	-
Total	<u>\$ 9,738,390</u>	<u>\$ 336,204</u>	<u>\$ (352,111)</u>	<u>\$ 9,722,483</u>	<u>\$ -</u>

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

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

When the above notes that originated from HOPE VI grants are repaid they will be considered restricted program income to be used for similar future developments. As of December 31, 2014, the total notes and related interest are considered restricted as follows:

	Mortgage Note	Accrued Interest
Dakota Park	\$ 714,591	\$ 434,429
Renaissance	2,200,000	350,468
	\$ 2,914,591	\$ 784,897

5. Other current liabilities

As of December 31, 2014, other current liabilities consist of:

Payments in lieu of taxes	\$ 38,678
Family self-sufficiency escrows	16,368
Miscellaneous liabilities	9,887
Unearned revenue	6,467
	\$ 71,400

6. Noncurrent liabilities

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 are to be repaid in 35 monthly installments in the amount of \$2,495 and a balloon payment of approximately \$209,346 due September 16, 2016. The mortgage is secured by the land.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

The future principal and interest maturities for the mortgage note at December 31 are as follows:

Year ended December 31,	Principal	Interest
2015	\$ 18,343	\$ 11,591
2016	220,289	220,945
	<u>\$ 238,632</u>	<u>\$ 232,536</u>

The following is a summary of the changes in the significant noncurrent liabilities for the year ended December 31, 2014:

	Payable at January 1, 2014	Additions	Reductions	Payable at December 31, 2014	Due Within One Year
Williamstown mortgage note	\$ 256,975	\$ -	\$ (18,343)	\$ 238,632	\$ 18,343
Compensated absences	114,325	27,422	(48,505)	93,242	32,635
Family self-sufficiency escrows - Public Housing	34,063	21,554	(12,492)	43,125	1,989
Family self-sufficiency escrows - Section 8	88,033	68,006	(13,056)	142,983	14,379
Total noncurrent liabilities	<u>\$ 493,396</u>	<u>\$116,982</u>	<u>\$ (92,396)</u>	<u>\$ 517,982</u>	<u>\$ 67,346</u>

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 Hartford Life Insurance Company. 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 \$97,423 and employees contributed \$116,498 during the year ended December 31, 2014.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

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.

9. Commitments and contingencies

a. *Legal*

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 has been notified by HUD regarding the review and potential adjustment of HAP restricted and unrestricted net position, the results of which are pending.

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, 2014 amounted to the following.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

9. Commitments and contingencies (continued)

c. *Funds awarded (continued)*

Revitalization of Severely Distressed Public Housing Program	\$ 1,933,916
Replacement Housing Factor Program	1,781,422
Public Housing Capital Fund Program	582,432
Resident Opportunity and Supportive Services	101,218
	\$ 4,398,988

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, 2014, total amounts received from the related parties were \$1,233,542 not including any pass-through operating subsidy. Total operating subsidy passed through to all partnerships during the year ended December 31, 2014 was \$473,846.

As of December 31, 2014, the Authority is reporting \$1,811,944 as a receivable and \$430,949 as a payable to related parties as described in the following table:

Related organization	Due from	Due to	Paid to/for	Received from
Lakeland-Polk Housing Corporation	\$ 1,329,966	\$ 303,000	\$ -	\$ 20,000
Renaissance at Washington Ridge LTD, LLLP	9,653	-	-	310,534
West Bartow Partnership LTD, LLLP	50,648	-	-	140,737
Dakota Park Limited Partnership, LLLP	56,862	17,500	-	89,390
Bonnet Shores, LLLP	-	9,297	112,103	126,009
Colton Meadow, LLLP	364,201	101,152	-	546,872
Colton Meadow GP, LLC	4,629	-	-	-
Twin Lakes at Lakeland, LLLP	51,362	-	-	-
Balance at December 31, 2014	\$ 1,867,321	\$ 430,949	\$ 112,103	\$ 1,233,542

In addition, the Authority has signed mortgage notes, promissory notes and developer agreements with certain related parties as described in Note B-4.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

11. Concentrations

For the year ended December 31, 2014, approximately 84% of all revenues and 5% 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. Subsequent events

Management has evaluated subsequent events through August 28, 2105, the date the financial statements were available to be issued, and noted the following items to be disclosed.

During the year, HUD performed a review of the Authority's restricted and unrestricted net position for the Section 8 Housing Choice Voucher program. As of the date of this report, management has been notified by HUD regarding the review and potential adjustment of HAP restricted and unrestricted net position, the results of which are pending.

In July 2015, HUD approved the Authority to sell vacant land at Lake Ridge Homes.

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

14. 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.

Condensed Statement of Net Position

	Polk County Housing Developers, Inc.	West Lake Management, LLC	West Lake Realty, Inc.	Arbor Manor LTD, LLLP	Bonnet Shores GP, Inc.	Renaissance at Washington Ridge Master Association, Inc.
ASSETS						
CURRENT ASSETS	\$ 628,038	\$ 67,678	\$ 683	\$ -	\$ -	\$ 10,313
NONCURRENT ASSETS	2,033,000	-	-	-	-	-
Total assets	2,661,038	67,678	683	-	-	10,313
LIABILITIES						
Intergovernmental	-	76,884	-	366	-	-
CURRENT LIABILITIES	-	95,390	-	556	7,062	161
NONCURRENT LIABILITIES	-	10,017	-	-	-	-
Total liabilities	-	105,407	-	556	7,062	161
NET POSITION						
UNRESTRICTED	2,661,038	(37,729)	683	(556)	(7,062)	10,152
Total net position	\$ 2,661,038	\$ (37,729)	\$ 683	\$ (556)	\$ (7,062)	\$ 10,152

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Polk County Housing Developers, Inc.	West Lake Management, LLC	West Lake Realty, Inc.	Arbor Manor LTD, LLLP	Bonnet Shores GP, Inc.	Renaissance at Washington Ridge Master Association, Inc.
OPERATING REVENUES						
Other operating revenue	\$ -	\$ 339,842	\$ 1,537	\$ -	\$ -	\$ 30,485
OPERATING EXPENSES						
Administrative	9,644	328,432	2,543	500	-	8,923
Tenant services	-	441	-	-	-	-
Utilities	-	-	-	-	-	6,799
Maintenance	-	20,253	-	-	-	13,416
General	-	22,407	-	-	-	3,817
Total operating expenses	9,644	371,533	2,543	500	-	32,955
OPERATING INCOME (LOSS)	(9,644)	(31,691)	(1,006)	(500)	-	(2,470)
NONOPERATING REVENUES (EXPENSES)						
Interest income - unrestricted	54,668	-	-	-	-	1
TRANSFERS						
Transfers out	-	(32,560)	-	-	-	-
Change in net position	45,024	(64,251)	(1,006)	(500)	-	(2,469)
Total net position - beginning of year	2,616,014	26,522	1,689	(56)	(7,062)	12,621
Total net position - ending of year	\$ 2,661,038	\$ (37,729)	\$ 683	\$ (556)	\$ (7,062)	\$ 10,152

Housing Authority of the City of Lakeland, Florida

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE B - DETAILED NOTES (continued)

14. Condensed blended component unit information (continued)

Condensed Statement of Cash Flows

	Polk County Housing Developers, Inc.	West Lake Management, LLC	West Lake Realty, Inc.	Arbor Manor LTD, LLLP	Bonnet Shores GP, Inc.	Renaissance at Washington Ridge Master Association, Inc.
NET CASH PROVIDED BY (USED IN):						
Operating activities	(45,686)	(207,824)	(1,006)	(310)	-	(2,470)
Noncapital financing activities	-	(32,560)	-	-	-	-
Investing activities	54,668	-	-	-	-	-
NET INCREASE (DECREASE)	8,982	(240,384)	(1,006)	(310)	-	(2,470)
Cash at beginning of year	2,355	240,384	1,689	310	-	8,233
Cash at end of year	<u>\$ 11,337</u>	<u>\$ -</u>	<u>\$ 683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,763</u>

SUPPLEMENTAL INFORMATION

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2014

PHA: FL011 FYED: 12/31/2014										
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)	
111	Cash - Unrestricted	450,872	-	-	-	-	-	40,296	-	-
112	Cash - Restricted - Modernization and Development	1,453,622	-	-	-	-	-	-	-	-
113	Cash - other restricted	41,136	-	-	-	-	-	1,989	-	-
114	Cash - Tenant Security Deposits	52,713	-	-	-	-	-	4,605	-	-
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-	-
100	Total Cash	1,998,343	-	-	-	-	-	46,890	-	-
122	Accounts Receivable - HUD Other Projects	29,165	-	-	-	-	-	-	-	-
124	Accounts Receivable - other government	-	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	2,655	-	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	31,548	-	-	-	-	-	2,398	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(24,107)	-	-	-	-	-	(97)	-	-
128	Fraud recovery	2,304	-	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	41,565	-	-	-	-	-	2,301	-	-
142	Prepaid Expenses and Other Assets	47,427	-	-	-	-	-	379	-	-
144	Interprogram due from	2,971,116	-	17,500	-	-	-	-	-	-
150	Total Current Assets	5,058,451	-	17,500	-	-	-	49,570	-	-
161	Land	1,466,869	-	-	-	-	-	-	-	-
162	Buildings	9,993,138	-	-	-	-	-	1,405,662	-	-
163	Furniture, Equipment & Machinery - Dwellings	26,490	-	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	779,471	-	-	-	-	-	2,249	-	-
166	Accumulated Depreciation	(9,717,781)	-	-	-	-	-	(642)	-	-
168	Infrastructure	582,079	-	-	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	3,130,266	-	-	-	-	-	1,407,269	-	-
171	Notes, loans, and mortgages receivable - Noncurrent	1,915,207	-	-	-	-	-	50,000	-	-
174	Other Assets	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	5,045,473	-	-	-	-	-	1,457,269	-	-
190	Total Assets	10,103,924	-	17,500	-	-	-	1,506,839	-	-
312	Accounts Payable <= 90 Days	8,942	-	-	-	-	-	611	-	-
321	Accrued Wage/Payroll Taxes Payable	2,665	-	-	-	-	-	-	-	-
322	Accrued Compensated Absences	7,298	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	50,998	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	52,713	-	-	-	-	-	4,605	-	-
342	Unearned Revenues	5,642	-	-	-	-	-	825	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-
345	Other current liabilities	336,236	-	17,500	-	-	-	1,989	-	-
347	Interprogram due to	-	-	-	-	-	-	7,279	-	-
310	Total Current Liabilities	464,494	-	17,500	-	-	-	15,309	-	-
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	41,136	-	-	-	-	-	-	-	-
354	Accrued compensated Absences - Non Current	13,554	-	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	54,690	-	-	-	-	-	-	-	-
300	Total Liabilities	519,184	-	17,500	-	-	-	15,309	-	-
508.4	Net investment in capital assets	3,130,266	-	-	-	-	-	1,407,269	-	-
511.4	Restricted Net Assets	1,453,622	-	-	-	-	-	-	-	-
512.4	Unrestricted Net Assets	5,000,852	-	-	-	-	-	84,261	-	-
513	Total Equity	9,584,740	-	-	-	-	-	1,491,530	-	-
600	Total Liabilities and Equity	10,103,924	-	17,500	-	-	-	1,506,839	-	-

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2014

PHA: FL011 FYED: 12/31/2014										
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)	
70300	Net Tenant Rental Revenue	247,444	-	-	-	-	-	45,361	-	-
70400	Tenant Revenue - Other	10,535	-	-	-	-	-	148	-	-
70500	Total Tenant Revenue	257,979	-	-	-	-	-	45,509	-	-
70600	HUD PHA Grants	702,343	428,435	103,106	-	370,740	-	13,591	-	-
70610	HUD PHA Capital Grants	-	12,864	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	142	-	-	-	-	-	6	-	-
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	118,000	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	(154,672)	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-
71500	Other revenue	5,030	-	-	-	-	-	-	-	-
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	109,560	-	-	-	-	-	-	-	-
70000	Total Revenue	1,075,054	441,299	103,106	-	370,740	-	22,434	-	-
91100	Administrative Salaries	138,888	-	-	-	-	-	-	-	-
91200	Auditing Fees	30,985	-	-	-	-	-	-	-	-
91300	Management Fee	114,356	-	-	-	-	-	1,440	-	-
91310	Bookkeeping Fee	15,996	-	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	36,836	-	-	-	-	-	-	-	-
91600	Office Expenses	48,660	15,692	-	-	-	-	10,787	-	-
91700	Legal Expenses	13,228	-	-	-	-	-	4,389	-	-
91800	Travel	3,155	9,602	-	-	-	-	-	-	-
91900	Other Administrative Expenses	141	-	-	-	-	-	-	-	-
92000	Asset Management Fee	20,650	-	-	-	-	-	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-	-
92200	Relocation Costs	650	6,214	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	27,390	-	-	-	-	-	1,989	-	-
93100	Water	13,011	-	-	-	-	-	1,904	-	-
93200	Electricity	14,144	-	-	-	-	-	2,872	-	-
93600	Sewer	34,058	-	-	-	-	-	2,704	-	-
93800	Other utilities expense	36,648	-	-	-	-	-	926	-	-
94100	Ordinary Maintenance and Operations - Labor	93,147	-	-	-	-	-	-	-	-
94200	OMO - Materials and Other	76,113	75	-	-	-	-	2,041	-	-
94300	Ordinary Maintenance and Operations - Contract Costs	173,322	396,852	-	-	-	-	30,670	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	28,247	-	-	-	-	-	-	-	-

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2014

PHA: FL011 FYED: 12/31/2014										
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)	
96110	Property Insurance	75,243	-	-	-	-	-	8,255	-	-
96120	Liability Insurance	8,142	-	-	-	-	-	-	-	-
96130	Workmen's Compensation	4,192	-	-	-	-	-	-	-	-
96200	Other General Expenses	188	-	103,106	-	370,740	-	-	-	-
96210	Compensated Absences	2,468	-	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	38,678	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	19,027	-	-	-	-	-	97	-	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	1,067,563	428,435	103,106	-	370,740	-	68,074	-	-
97000	Excess Operating Revenue over Operating Expenses	7,491	12,864	-	-	-	-	(45,640)	-	-
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-
97350	HAP Portability-in	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	833,095	-	-	-	-	-	321	-	-
97500	Fraud losses	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-
90000	Total Expenses	1,900,658	428,435	103,106	-	370,740	-	68,395	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (Uses)	-	-	-	-	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(825,604)	12,864	-	-	-	-	(45,961)	-	-
11030	Beginning Equity	12,272,455	-	-	-	-	-	(19,570)	-	-
11040.1	Transfer CFP hard costs to operations	12,864	(12,864)	-	-	-	-	-	-	-
11040.2	Transfer blended component unit beginning equity for FDS presentation	-	-	-	-	-	-	-	-	-
11040.3	Transfer capital assets belonging to AMP 4	(1,557,061)	-	-	-	-	-	1,557,061	-	-
11041.4	Transfer of equity to close out 21st Century Grant	(317,914)	-	-	-	-	-	-	-	-
11040.5	Prior period adjustment - move prior Due to Master from Development to COCC	-	-	-	-	-	-	-	-	-
11040.6	Prior period adjustment - correction of cumulative effect of compounded interest	-	-	-	-	-	-	-	-	-
11040	Prior Period Adjustments, Equity transfer and correction of errors	(1,862,111)	(12,864)	-	-	-	-	1,557,061	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	2,064	-	240	-	1,308	-	75	-	-
11210	Number of Unit Months Leased	2,008	-	238	-	1,292	-	75	-	-
11270	Excess Cash	2,962,808	-	(8,592)	-	(30,895)	-	26,220	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	12,864	-	-	-	-	-	-	-

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2014

PHA: FL011 FYED: 12/31/2014													
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	Resident Opportunity and Supportive Services	21st Century Grant	YouthBuild Program	Eliminations	Total Primary Government
111	Cash - Unrestricted	491,168	36,180	-	17,783	-	211,024	20,792	-	-	-	-	776,947
112	Cash - Restricted - Modernization and Development	1,453,622	-	-	-	249,953	-	-	-	-	-	-	1,703,575
113	Cash - other restricted	43,125	-	-	-	-	128,604	-	-	-	-	-	171,729
114	Cash - Tenant Security Deposits	57,318	-	-	-	-	-	-	-	-	-	-	57,318
115	Cash - Restricted for payment of current liability	-	-	-	-	-	14,379	-	-	-	-	-	14,379
100	Total Cash	2,045,233	36,180	-	17,783	249,953	354,007	20,792	-	-	-	-	2,723,948
122	Accounts Receivable - HUD Other Projects	29,165	-	-	-	-	75,125	-	3,638	-	-	-	107,928
124	Accounts Receivable - other government	-	-	-	-	-	169	-	-	-	-	-	169
125	Accounts Receivable - Miscellaneous	2,655	405	1,456,613	428,579	-	44,465	-	-	-	-	-	1,932,717
126	Accounts Receivable - Tenants - Dwelling Rents	33,946	-	700	24,303	-	-	-	-	-	-	-	58,949
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(24,204)	-	-	(19,753)	-	-	-	-	-	-	-	(43,957)
128	Fraud recovery	2,304	-	-	-	-	4,756	-	-	-	-	-	7,060
120	Total Receivables, net of allowances for doubtful accounts	43,866	405	1,457,313	433,129	-	124,515	-	3,638	-	-	-	2,062,866
142	Prepaid Expenses and Other Assets	47,806	2,744	738	2,000	-	17,320	1,977	-	-	973	-	73,558
144	Interprogram due from	2,988,616	-	50,456	176,550	-	-	-	-	-	-	(3,215,622)	-
150	Total Current Assets	5,125,521	39,329	1,508,507	629,462	249,953	495,842	22,769	3,638	-	973	(3,215,622)	4,860,372
161	Land	1,466,869	-	649,631	-	-	-	-	-	-	-	-	2,116,500
162	Buildings	11,398,800	-	42,424	-	-	-	-	-	-	-	-	11,441,224
163	Furniture, Equipment & Machinery - Dwellings	26,490	-	-	-	-	-	-	-	-	-	-	26,490
164	Furniture, Equipment & Machinery - Administration	781,720	33,768	-	-	-	28,867	-	-	21,299	-	-	865,654
166	Accumulated Depreciation	(9,718,423)	(12,267)	(10,606)	-	-	(16,009)	-	-	(11,005)	-	-	(9,768,330)
168	Infrastructure	582,079	-	-	-	-	-	-	-	-	-	-	582,079
160	Total Fixed Assets, Net of Accumulated Depreciation	4,537,535	21,481	681,449	-	-	12,858	-	-	-	10,294	-	5,263,617
171	Notes, loans, and mortgages receivable - Noncurrent	1,965,207	-	566,477	-	2,914,591	-	-	-	-	-	-	5,446,275
174	Other Assets	-	-	1,458,312	2,033,000	784,897	-	-	-	-	-	-	4,276,209
180	Total Non-Current Assets	6,502,742	21,481	2,706,238	2,033,000	3,699,488	12,858	-	-	-	10,294	-	14,986,101
190	Total Assets	11,628,263	60,810	4,214,745	2,662,462	3,949,441	508,700	22,769	3,638	-	11,267	(3,215,622)	19,846,473
312	Accounts Payable <= 90 Days	9,553	19,906	2,598	10,250	-	-	-	1	-	10,660	-	52,968
321	Accrued Wage/Payroll Taxes Payable	2,665	31,203	-	3,213	-	2,081	-	-	-	1,949	-	41,111
322	Accrued Compensated Absences	7,298	13,222	-	5,394	-	4,109	-	1,084	-	1,528	-	32,635
333	Accounts Payable - Other Government	50,998	-	-	-	-	-	-	-	-	-	-	50,998
341	Tenant Security Deposits	57,318	-	-	-	-	-	-	-	-	-	-	57,318
342	Unearned Revenues	6,467	-	-	-	-	-	-	-	-	-	-	6,467
343	Current portion of L-T debt - capital projects	-	-	18,343	-	-	-	-	-	-	-	-	18,343
345	Other current liabilities	355,725	7,500	-	7,062	-	74,597	-	-	-	-	-	444,884
347	Interprogram due to	7,279	2,922,799	-	-	-	209,992	-	541	-	75,011	(3,215,622)	-
310	Total Current Liabilities	497,303	2,994,630	20,941	25,919	-	290,779	-	1,626	-	89,148	(3,215,622)	704,724
351	Long-term debt, net of current - capital projects	-	-	220,289	-	-	-	-	-	-	-	-	220,289
353	Noncurrent Liabilities - Other	41,136	-	-	-	-	141,691	-	-	-	-	-	182,827
354	Accrued compensated Absences - Non Current	13,554	24,556	-	10,017	-	7,630	-	2,012	-	2,838	-	60,607
350	Total Noncurrent Liabilities	54,690	24,556	220,289	10,017	-	149,321	-	2,012	-	2,838	-	463,723
300	Total Liabilities	551,993	3,019,186	241,230	35,936	-	440,100	-	3,638	-	91,986	(3,215,622)	1,168,447
508.4	Net investment in capital assets	4,537,535	21,481	442,817	-	-	12,858	-	-	-	10,294	-	5,024,985
511.4	Restricted Net Assets	1,453,622	-	-	-	3,949,441	-	-	-	-	-	-	5,403,063
512.4	Unrestricted Net Assets	5,085,113	(2,979,857)	3,530,698	2,626,526	-	55,742	22,769	-	-	(91,013)	-	8,249,978
513	Total 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
600	Total Liabilities and Equity	11,628,263	60,810	4,214,745	2,662,462	3,949,441	508,700	22,769	3,638	-	11,267	(3,215,622)	19,846,473

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2014

PHA: FL011 FYED: 12/31/2014													
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	Resident Opportunity and Supportive Services	21st Century Grant	YouthBuild Program	Eliminations	Total Primary Government
70300	Net Tenant Rental Revenue	292,805	-	4,200	-	-	14,871	-	14,879	14,870	84,287	17,274	297,005
70400	Tenant Revenue - Other	10,683	-	-	-	-	632	-	-	-	-	-	11,315
70500	Total Tenant Revenue	303,488	-	4,200	-	-	632	-	-	-	-	-	308,320
70600	HUD PHA Grants	1,618,215	-	-	-	-	8,166,803	337,764	105,588	-	-	-	10,228,370
70610	HUD PHA Capital Grants	12,864	-	-	-	-	-	-	-	-	-	-	12,864
70710	Management Fee	-	237,296	-	-	-	-	-	-	-	-	(237,296)	-
70720	Asset Management Fee	-	20,650	-	-	-	-	-	-	-	-	(20,650)	-
70730	Bookkeeping Fee	-	15,996	-	-	-	-	-	-	-	-	(15,996)	-
70800	Other government grants	-	-	-	-	-	-	-	-	151,473	239,306	-	390,779
71100	Investment Income - Unrestricted	148	-	11	54,669	-	8	-	-	-	-	-	54,836
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	118,000	-	-	-	-	-	-	-	-	-	-	118,000
71310	Cost of Sale of Assets	(154,672)	-	-	-	-	-	-	-	-	-	-	(154,672)
71400	Fraud recovery	-	-	-	-	-	693	-	-	-	-	-	693
71500	Other revenue	5,030	24,479	52,854	371,864	-	535,937	-	-	-	40,220	(24,476)	1,005,908
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	109,560	-	-	-	155,791	63	-	-	-	-	-	265,414
70000	Total Revenue	2,012,633	298,421	57,065	426,533	155,791	8,704,136	337,764	105,588	151,473	279,526	(298,418)	12,230,512
91100	Administrative Salaries	138,888	370,275	203,863	246,542	-	277,779	24,476	-	-	39,412	(24,476)	1,276,759
91200	Auditing Fees	30,985	12,250	7,000	-	-	50,100	-	-	-	-	-	100,335
91300	Management Fee	115,796	-	-	-	-	121,500	-	-	-	-	(237,296)	-
91310	Bookkeeping Fee	15,996	-	-	-	-	-	-	-	-	-	(15,996)	-
91500	Employee Benefit Contributions - Administrative	36,836	80,148	31,529	55,582	-	70,170	-	-	-	9,891	-	284,156
91600	Office Expenses	75,139	71,870	12,566	13,457	-	139,129	-	651	47,625	16,704	-	377,141
91700	Legal Expenses	17,617	36,784	-	33,946	-	983	-	-	-	4,877	-	94,207
91800	Travel	12,757	12,200	873	515	-	1,935	-	-	8,488	53,171	-	89,939
91900	Other Administrative Expenses	141	-	-	-	-	8,077	-	-	-	-	-	8,218
92000	Asset Management Fee	20,650	-	-	-	-	-	-	-	-	-	(20,650)	-
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	79,009	160,429	204,176	-	443,614
92200	Relocation Costs	6,864	-	-	-	-	-	-	-	-	-	-	6,864
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	25,078	34,194	53,142	-	112,414
92400	Tenant Services - Other	29,379	-	-	441	-	-	-	-	-	4,000	-	33,820
93100	Water	14,915	705	-	1,502	-	-	-	-	-	-	-	17,122
93200	Electricity	17,016	19,542	-	4,278	-	3,313	-	-	-	-	-	44,149
93600	Sewer	36,762	696	-	659	-	-	-	-	-	-	-	38,117
93800	Other utilities expense	37,574	141	-	360	-	-	-	-	4,868	-	-	42,943
94100	Ordinary Maintenance and Operations - Labor	93,147	-	-	-	-	-	-	-	-	-	-	93,147
94200	OMO - Materials and Other	78,229	11,403	167	16,499	-	3,051	-	-	2,638	1,151	-	113,138
94300	Ordinary Maintenance and Operations - Contract Costs	600,844	28,514	20,983	17,170	-	45,550	-	-	13,210	8,592	-	734,863
94500	Employee Benefit Contributions - Ordinary Maintenance	28,247	382	-	-	-	-	-	-	-	-	-	28,629

See independent auditor's report.

Housing Authority of the City of Lakeland, Florida

FINANCIAL DATA SCHEDULE

Year ended December 31, 2014

PHA: FL011 FYED: 12/31/2014													
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	Resident Opportunity and Supportive Services	21st Century Grant	YouthBuild Program	Eliminations	Total Primary Government
96110	Property Insurance	83,498	9,508	1,048	5,640	-	32	-	-	-	598	-	100,324
96120	Liability Insurance	8,142	3,731	-	485	-	455	-	-	-	3,550	-	16,363
96130	Workmen's Compensation	4,192	10,800	8,309	10,385	-	8,092	-	-	-	-	-	41,778
96200	Other General Expenses	474,034	-	339	-	-	-	-	-	-	-	-	474,373
96210	Compensated Absences	2,468	8,501	-	6,033	-	7,404	-	548	548	1,920	-	27,422
96300	Payments in Lieu of Taxes	38,678	-	-	-	-	-	-	-	-	-	-	38,678
96400	Bad Debt - Tenant Rents	19,124	-	-	3,681	-	4,845	-	-	-	-	-	27,650
96500	Bad Debt - Mortgages	-	-	10,646	-	-	-	-	-	-	-	-	10,646
96600	Bad Debt - Other	-	-	940	-	-	-	-	-	104,603	-	-	105,543
96710	Interest of Mortgage (or Bonds) Payable	-	-	11,602	-	-	-	-	-	-	-	-	11,602
96900	Total Operating Expenses	2,037,918	677,450	309,865	417,175	-	742,415	24,476	105,286	376,603	401,184	(298,418)	4,793,954
97000	Excess Operating Revenue over Operating Expenses	(25,285)	(379,029)	(252,800)	9,358	155,791	7,961,721	313,288	302	(225,130)	(121,658)	-	7,436,558
97300	Housing Assistance Payments	-	-	-	-	-	7,768,724	271,254	-	-	-	-	8,039,978
97350	HAP Portability-in	-	-	-	-	-	385,760	-	-	-	-	-	385,760
97400	Depreciation Expense	833,416	6,280	8,484	-	-	4,124	-	-	-	4,260	-	856,564
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	2,871,334	683,730	318,349	417,175	-	8,901,023	295,730	105,286	376,603	405,444	(298,418)	14,076,256
10040	Operating transfers from/to component unit	-	32,560	-	(32,560)	-	-	-	-	-	-	-	-
10100	Total other financing sources (Uses)	-	32,560	-	(32,560)	-	-	-	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(858,701)	(352,749)	(261,284)	(23,202)	155,791	(196,887)	42,034	302	(225,130)	(125,918)	-	(1,845,744)
11030	Beginning Equity	12,252,885	(2,605,627)	6,884,527	-	3,793,650	265,487	(19,265)	(302)	(92,784)	45,199	-	20,523,770
11040.1	Transfer CFP hard costs to operations	-	-	-	-	-	-	-	-	-	-	-	-
11040.2	Transfer blended component unit beginning equity for FDS presentation	-	-	(2,649,728)	2,649,728	-	-	-	-	-	-	-	-
11040.3	Transfer capital assets belonging to AMP 4	-	-	-	-	-	-	-	-	-	-	-	-
11041.4	Transfer of equity to close out 21st Century Grant	(317,914)	-	-	-	-	-	-	-	317,914	-	-	-
11040.5	Prior period adjustment - move prior Due to Master from Development to COCC	-	-	-	-	-	-	-	-	-	-	-	-
11040.6	Prior period adjustment - correction of cumulative effect of compounded interest	-	-	-	-	-	-	-	-	-	-	-	-
11040	Prior Period Adjustments, Equity transfer and correction of errors	(317,914)	-	(2,649,728)	2,649,728	-	-	-	-	317,914	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	55,513	-	-	-	-	-	55,513
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	3,687	-	12	-	-	14,035	540	-	-	-	-	18,274
11210	Number of Unit Months Leased	3,613	-	12	-	-	13,755	524	-	-	-	-	17,904
11270	Excess Cash	2,949,541	-	-	-	-	-	-	-	-	-	-	2,949,541
11630	Furniture & Equipment - Dwelling Purchases	12,864	-	-	-	-	-	-	-	-	-	-	12,864

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, 2014

PROGRAM	FL14P011 501-11	FL14P011 501-12	FL14P011 E501-12	FL14P011 501-13	FL14P011 501-14	Total
BUDGET	\$ 562,980	\$ 327,414	\$ 250,000	\$ 251,538	\$ 341,004	\$ 1,732,936
ADVANCES						
Cash receipts - prior years	\$ 224,322	\$ -	\$ -	\$ -	\$ -	\$ 224,322
Cash receipts - current year	278,721	282,465	233,783	98,012	4,036	897,017
Cumulative as of December 31, 2014	503,043	282,465	233,783	98,012	4,036	1,121,339
COSTS						
Prior years	503,043	137,404	-	68,758	-	709,205
Current year	-	137,637	233,783	26,293	43,586	441,299
Cumulative as of December 31, 2014	503,043	275,041	233,783	95,051	43,586	1,150,504
RECEIVABLES DUE FROM HUD	\$ -	\$ (7,424)	\$ -	\$ (2,961)	\$ 39,550	\$ 29,165
SOFT COSTS						
Prior years	\$ 219,428	\$ 136,712	\$ -	\$ 11,133	\$ -	\$ 367,273
Current year	-	124,773	233,783	26,293	43,586	428,435
Cumulative as of December 31, 2014	219,428	261,485	233,783	37,426	43,586	795,708
HARD COSTS						
Prior years	283,615	692	-	57,625	-	341,932
Current year	-	12,864	-	-	-	12,864
Cumulative as of December 31, 2014	283,615	13,556	-	57,625	-	354,796
CUMULATIVE HARD AND SOFT COSTS	\$ 503,043	\$ 275,041	\$ 233,783	\$ 95,051	\$ 43,586	\$ 1,150,504

The following RHF grants have been awarded and are unspent as of December 31, 2014:

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
	<u>\$ 1,781,422</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, 2014

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, 2014	<u>19,909,785</u>
COSTS	
Prior years	19,909,785
Current year	<u>-</u>
Cumulative as of December 31, 2014	<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, 2014	<u>16,930,271</u>
HARD COSTS	
Prior years	64,923
Current year	<u>-</u>
Cumulative as of December 31, 2014	<u>64,923</u>
OTHER COSTS LOANED TO RELATED ENTITIES	
Prior years	2,914,591
Current year	<u>-</u>
Cumulative as of December 31, 2014	<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 ROSS PROGRAM COSTS AND ADVANCES

Year ended December 31, 2014

PROGRAM	008A011	063A012	047A013	133A014	Total
BUDGET	\$ 140,838	\$ 52,084	\$ 52,084	\$ 104,856	\$ 349,862
ADVANCES					
Cash receipts - prior years	\$ 97,562	\$ -	\$ -	\$ -	\$ 97,562
Cash receipts - current year	43,276	52,084	52,084	-	147,444
Cumulative as of December 31, 2014	140,838	52,084	52,084	-	245,006
COSTS					
Prior years	123,556	19,500	-	-	143,056
Current year	17,282	32,584	52,084	3,638	105,588
Cumulative as of December 31, 2014	140,838	52,084	52,084	3,638	248,644
RECEIVABLES DUE FROM HUD	\$ -	\$ -	\$ -	\$ 3,638	\$ 3,638
SOFT COSTS					
Prior years	\$ 123,556	\$ 19,500	\$ -	\$ -	\$ 143,056
Current year	17,282	32,584	52,084	3,638	105,588
Cumulative as of December 31, 2014	140,838	52,084	52,084	3,638	248,644
CUMULATIVE HARD AND SOFT COSTS	\$ 140,838	\$ 52,084	\$ 52,084	\$ 3,638	\$ 248,644

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, 2014

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		\$ 1,189,780
Section 8 Housing Choice Vouchers Program	14.871	\$ 8,166,803	
Mainstream Vouchers Program	14.879	337,764	
Subtotal Housing Voucher Cluster			8,504,567
Resident Opportunity and Supportive Services	14.870		105,588
Public Housing Capital Fund Program	14.872		441,299
			10,241,234
<u>Pass through from the State of Florida:</u>			
YouthBuild Program	17.274		239,306
21st Century Grant	84.287		151,473
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 10,632,013

Note A:

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 on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B:

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, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 28, 2015.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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.

August 28, 2015
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 OMB CIRCULAR A-133**

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 Circular A-133 *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, 2014. 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 the requirements of laws, regulations, contracts and grants applicable to each of its major 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 number 2014-001. 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, 2014.

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, 2014.

Other 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 requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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.

Report on Internal Control Over Compliance (continued)

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

August 28, 2015
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, 2014

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? **None reported**

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

Public and Indian Housing - **Qualified (2014-001)**

Housing Voucher Cluster - **Unmodified**

There are no other audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

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 **\$319,695**

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, 2014

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

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.

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: \$2,971,116

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 Recommendation: 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.

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, 2014

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

2013-001 Financial Reporting

Significant Deficiency in Internal Control

Repeated in part from 2011 and 2012 audit (Finding No. 2012-001)

Condition: During our audit of the Authority's financial statements, we detected certain deficiencies in internal control over financial reporting as described below which are identified as a significant deficiency in internal control over financial reporting in accordance with auditing standards generally accepted in the United States of America, AU-C Section 265 ("AU-C 265"). We noted that certain adjustments needed for fair presentation of accounts and other assertions by management were not performed on a timely basis. The required adjustments from reconciliations and account analysis were provided to us towards the end of our fieldwork and during our wrap-up phase. Upon review of the Capital Fund statements we noted substantial amounts had been disbursed but not drawn down contributing to a large due from HUD recorded at end of the year. We also noted the reporting of mortgage interest was not properly monitored and required an adjustment at year end.

Auditor's Recommendation: Management should determine proper staffing needs given the size and complexity of the Authority, considering that as of December 31, 2013, the Authority had nine related parties, in addition to the Authority's eleven blended component units to ensure that transactions are correctly reported in the financial statements and reviewed in a timely manner. In addition, we recommend strengthening internal controls necessary to ensure reimbursements are requested from HUD and Capital expenditures have been approved and disbursed which should also ensure that adequate working capital is available to fund other program expenditures.

Current Status: Cleared in the current year.

2013-002 Allowable Activity/Costs - Interprogram Activity and Pooled Cash Account

Public and Indian Housing, CFDA Number 14.850

Material Weakness in Internal Control

Material Noncompliance

Repeated in part from 2012 audit (Finding No. 2012-003)

Condition: During 2013, the Authority utilized a centralized bank account reporting deposits and disbursements clearly traceable to each program or project within the Public Housing Fund. However, the centralize account was used in a similar manner for programs, and other activity outside of the Public Housing program. On December 31, 2013, this centralized account (AMP 1) had an interprogram receivable of \$4,126,623. This interprogram receivable increased during 2013 by approximately \$300,000 from the ending balance in 2012 of approximately \$3,800,000.

Housing Authority of the City of Lakeland, Florida

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

December 31, 2014

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (continued)

2013-002 Allowable Activity/Costs - Interprogram Activity and Pooled Cash Account (continued)

Auditor's Recommendation: This comment is a repeat of our prior year finding 2012-003 which we recommended the establishment of a new centralized bank account to be relocated in the general ledger to the COCC (Central Office Cost Center) and be reconciled and settled up periodically and before the end of each year. Programs and AMPs should be running operations without having to borrow from other programs. Any internal borrowings should be short term in nature and simply created for the convenience of operational efficiencies due to the centralized bank account paying for common costs to prevent multiple checks from being needed. It should not be utilized to cover operational shortfalls.

Current Status: Pooled cash account portion was cleared in the current year. Interprogram activity portion was repeated in part - see Finding No. 2014-001.

2013-003 Eligibility

Material Weakness in Internal Control
Material Noncompliance

Condition: Out of a total population of approximately 1,300 tenants, we tested 42 files and the following deficiencies were noted:

- 6 files had an incorrect payment standard;
- 4 files had an incorrect utility allowance;
- 2 files were missing signed 214 declarations;
- 1 file lacked third party income verification; and
- 1 file was not located by the Authority's staff at the time of file testing.

Auditor's Recommendation: The Authority should correct the deficiencies noted in the tested files. In addition, we recommend the Authority strengthen their internal controls to ensure that staff is adequately supervised to ensure that they have access to the most current data and other regulatory materials when conducting participant certifications. In addition, we recommend management review the adequacy of their in-house training programs and monitor staff technical proficiencies to ensure that all significant program requirements are met and that the work is being performed in accordance with your quality control manual.

Current Status: Cleared in the current year.

Housing Authority of the City of Lakeland, Florida

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

December 31, 2014

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (continued)

2013-004 Special Tests and Provisions - General Depository Agreement

Public and Indian Housing, CFDA Number 14.850

Housing Voucher Cluster

Other matter required to be reported in accordance with OMB Circular A-133

Repeated from 2012 audit (Finding 2012-005)

Condition: During our audit of the Authority's accounts with financial institutions, we noted that the Authority had depository agreements with each financial institution handling accounts containing federal monies. However the agreements signed were not in the form and format required by HUD. Furthermore, during our fieldwork, management was unable to locate or provide a copy of their collateral pledged as of December 31, 2013.

Auditor's Recommendations: The Authority must execute Form HUD-51999 with all financial institutions where the Authority has funds and monitor the collateral levels for compliance with the General Depository Agreement on at least a monthly or quarterly basis to ensure that the Authority's deposits are fully protected as required.

Current Status: Cleared in the current year.

2013-005 Special Tests and Provisions - HQS Inspections

Housing Voucher Cluster

Other matter required to be reported in accordance with OMB Circular A-133

Condition: During our audit of the Authority's SEMAP submission and discussion with Authority staff, we noted that the Authority had failed to timely follow up and reinspect failed HQS inspections.

Auditor's Recommendation: The Authority needs to create and maintain a tracking system for failed inspections and ensure that these failed inspections are followed up on in a timely manner. If the Authority approves an extension to meet to correct the unit deficiencies, the Authority should maintain support of that approved extension.

Current Status: Cleared in the current year.



**BOARD OF
COMMISSIONERS**

Michael A. Pimentel
Chairman

Rev. Richard Richardson
Vice Chairman

Eddie Hall
Commissioner

Joseph DiCesare
Commissioner

Lorenzo Robinson
Commissioner

Gary Smith
Commissioner

Dorothy Sanders
Commissioner

Benjamin J. Stevenson
Executive Director

430 Hartsell Ave
Lakeland, FL 33815

MAIN OFFICE

Phone: (863) 687-2911
Fax: (863) 413-2976

www.LakelandHousing.org

CORRECTIVE ACTION PLAN

August 28, 2015

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, 2014.

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

Audit period: January 1, 2014 – December 31, 2014

The findings from the December 31, 2014 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

2014-001 Financial Reporting

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 Recommendation: 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.

Action Taken: LHA continues to follow the Recovery Plan that was implemented with HUD to payback the interprogram receivable. Per the repayment schedule, the interprogram receivable will be fully repaid in fiscal year 2018. Mechanisms for decreasing the interprogram receivable include

August 28, 2015

2014 Audit – Corrective Action Plan

Page 2 of 2

non-federal income, future developer fees, and proceeds from sale of two properties. On July 30, 2015, LHA received approval from HUD's Special Application Center (SAC) to amend its disposition approval for one of the properties. SAC's approval will allow LHA to remain on schedule for sale of the property in fiscal year 2016, as outlined by the Recovery Plan. Adherence to timelines outlined by the Recovery Plan is in progress under the supervision of Benjamin Stevenson, Executive Director.

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

Sincerely,



Benjamin Stevenson
Executive Director