

**HOUSING AUTHORITY OF THE  
CITY OF LAKE CHARLES**  
Lake Charles, Louisiana

**Financial Statements  
And Supplementary Information**

**For the Year Ended September 30, 2023**

*Trimm Consulting, APAC*

2516 B Westwood Rd

Westlake, La. 70669

HOUSING AUTHORITY OF THE CITY OF LAKE CHARLES  
LAKE CHARLES, LOUISIANA

Table of Contents

For the Year Ended September 30, 2023

	PAGE
INDEPENDENT AUDITOR'S REPORT	3-4
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis (MD&A)	5-10
BASIC FINANCIAL STATEMENTS	
PROPRIETARY FUND TYPE – ENTERPRISE FUNDS:	
Statement of Net Position	11-12
Statement of Revenues, Expenses, and Changes In Net Position	13
Statement of Cash Flows	14-15
Notes to Basic Financial Statements	16-37
SUPPLEMENTAL INFORMATION	
HUD REQUIRED SCHEDULES	38
Statement of Certification of Actual Modernization Cost	39
Financial Data Schedule	40-43
Schedule of Compensation, Benefits and Other Payments to CEO	44
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 <b>Government Auditing Standards</b>	45-46
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance as required by the Uniform Guidance	47-49
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	50
Notes to Schedule of Expenditures of Federal Awards	51
Schedule of Findings and Questioned Costs	52-54
Summary Schedule of Prior Audit Findings	55

INDEPENDENT AUDITOR'S  
REPORT

Board of Commissioners  
Housing Authority of the City of Lake Charles

Report on the Audit of the Financial Statements

**Opinions**

I have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Lake Charles as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Lake Charles's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Lake Charles, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Housing Authority of the City of Lake Charles and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Lake Charles's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions.<sup>1</sup> Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Lake Charles's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Lake Charles's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Lake Charles' basic financial statements. The accompanying Statement of Certification of Actual Modernization Cost, page 39, Financial Data Schedule, pages 40-43, the Schedule of Compensation, Benefits and Other Payments to the CEO, page 44, and the Schedule of Expenditures of Federal Awards, page 50, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, pages \_\_\_ are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated March 9, 2024, on my consideration of the Housing Authority of the City of Lake Charles's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Lake Charles's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Lake Charles's internal control over financial reporting and compliance.

# **Housing Authority of the City of Lake Charles, Louisiana Management's Discussion and Analysis (MD&A)**

**September 30, 2023**

**(Unaudited)**

We, the management of the Housing Authority of The City of Lake Charles, present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ended September 30, 2023. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

## **FINANCIAL HIGHLIGHTS**

- The assets of the Housing Authority exceeded its liabilities at September 30, 2023 by \$25,335,139.
- Of this amount, \$17,462,326 of unrestricted net position may be used to meet the Housing Authority's ongoing obligations to citizens and creditors.
- The remainder of \$ 7,873,171 represents the net amount invested in land, building, furnishings, leasehold improvements, and equipment of \$ 7,863,884 and restricted cash and investments of \$ 9,287.
- The Housing Authority's total net position decreased by \$ 226,862, a .90% decrease from fiscal year 2022.

## **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components. 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

**Housing Authority of The City of Lake Charles, Louisiana**  
**Management's Discussion and Analysis (MD&A)**  
**September 30, 2023**

(Unaudited)

The statement of revenue, expenses and changes in net position presents information detailing how the Housing Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that are the result of cash flows in prior years or will result in cash flows in future years (e.g., depreciation and earned but unused vacation leave.).

The statement of cash flows provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U. S. Department of Housing and Urban Development (HUD) and dwelling rentals.

**FINANCIAL ANALYSIS**  
**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Housing Authority of The City of Lake Charles, Louisiana**  
**Management's Discussion and Analysis (MD&A)**  
**September 30, 2023**  
**(Unaudited)**

The Housing Authority utilizes only one fund type, namely the enterprise fund type. An enterprise fund is a proprietary fund type. A proprietary fund utilizes the full accrual method of accounting in which all assets and all liabilities associated with the operation of this fund is included on the statement of net position. The focus of the proprietary fund is on income measurement, which, together with the maintenance of equity, is an important financial indication. The financial statements can be found on pages 11 through 15 of this report.

**Notes to the Financial Statements**

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 16 through 30 of this report.

**Statement of Net Position**

The following table represents a condensed Statement of Net Position as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Current Assets	\$ 21,885,683	\$ 18,249,505
Restricted Assets	223,630	395,042
Long-Term Assets	7,664,716	7,576,442
Fixed Assets	<u>10,548,244</u>	<u>11,359,884</u>
Total Assets	<u>\$ 40,322,273</u>	<u>\$ 37,580,873</u>
Current Liabilities	\$ 12,205,403	\$ 9,158,129
Current liabilities payable for restricted assets	23,932	34,539
Non-current Liabilities	<u>2,757,799</u>	<u>2,826,204</u>
Total Liabilities	<u>14,987,134</u>	<u>12,018,872</u>
Net Position:		
Invested in capital assets	7,863,884	8,626,403
Restricted net position	9,287	90,188
Unrestricted net position	<u>17,461,968</u>	<u>16,845,410</u>
Total Net Position	<u>25,335,139</u>	<u>25,562,001</u>
Total Liabilities and Net Position	<u>\$ 40,322,273</u>	<u>\$ 37,580,873</u>

continued

**Housing Authority of The City of Lake Charles, Louisiana  
Management's Discussion and Analysis (MD&A)  
September 30, 2023  
(Unaudited)**

**Statement of Net Position (Continued)**

As noted earlier, net position may serve over time as a useful indicator of the improvement or deterioration of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by approximately \$25,562,001 at September 30, 2022 and \$25,335,499 at September 30, 2023.

The Housing Authority's investments in capital assets (e.g. buildings, machinery, and equipment) account for 31.10 % of its net position. The Housing Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net position of the Housing Authority is available for future use to provide program services.

**Statement of Revenues, Expenses and Changes in Net Position**

The following table represents a condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Dwelling rental and other	\$ 950,086	\$ 786,056
Interest Earnings	618,532	255,216
Federal grant	<u>11,233,852</u>	<u>10,421,141</u>
Total Operating Revenues	12,802,470	11,462,413
Operating Expenses		
Administration	1,052,688	898,574
Salaries	1,224,872	976,069
Employee Benefits	374,035	408,283
Tenant service	141,127	100,840
Utilities	141,521	141,521
Ordinary maintenance and operations	381,723	961,257
Loss on disposition of assets	0	254,347
General expenses	37,076	0
Interest expense	95,618	104,258
Insurance	1,025,822	930,786
Housing assistance payments	7,855,737	7,273,706
Depreciation	<u>1,125,968</u>	<u>1,088,339</u>
Total Operating Expenses	<u>13,314,666</u>	<u>13,137,980</u>

continued

**Housing Authority of The City of Lake Charles, Louisiana**

**Management's Discussion and Analysis (MD&A) (Un-audited)  
September 30, 2023**

Statement of Revenues, Expenses, Capital Contributions, and Changes in Net Position-Cont'd

	<u>2023</u>	<u>2022</u>
Net Income (Loss) before Capital Contributions and Transfers	(\$ 512,196)	(1,675,567)
Capital Contributions and Transfers	<u>285,334</u>	<u>845,005</u>
Net increase (decrease) in net position	<u>(\$ 226,862)</u>	<u>\$ (830,562)</u>

The net position of the Housing Authority decreased by \$ 226,502 and decreased by \$ 830,562 during the years ended September 30, 2023 and 2022 respectively. The Housing Authority's revenues are derived primarily from dwelling rental income and various HUD programs.

**SIGNIFICANT CHANGES BETWEEN FY 2023 and FY 2022**

The Lake Charles Housing Authority (LCHA) is still in recovery mode and will be for the foreseeable future. The 5 Presidentially declared disasters that the LCHA suffered from occurred in a period of less than 1 year. Those disasters were: 1.) Covid-19-March 2020, 2.) DR-4559 LA Hurricane Laura- August 28, 2020, 3.) DR-4570 Hurricane Delta-September 28, 2020, 4.) 2021 Ice Storm-May 16, 2021, 5.) DR-4606-LA Flood. According to FEMA personnel, no local area has ever been affected by 5 Presidentially declared Disasters in a one-year period.

Prior to the landfall of Hurricane Laura, our aging housing stock was at 95% occupancy in all programs. At the end of the fiscal year our occupancy was approximately 20%. This is due to the deteriorating conditions of our units from the storm damage and massive discrepancy issues with the insurance companies. HUD had assured us that the LCHA would be made whole with insurance and FEMA assistance. That has turned out to be inaccurate. We are now in the litigation process with the insurance companies. FEMA is supposed to cover what the insurance companies do not cover.

Since the storms of 2020, dealing with the insurance companies and FEMA has been the most frustrating experience of my 40-year career as CEO at LCHA. The litigation is ongoing, and we are in the final deposition of our our 3 pending lawsuits.

For this fiscal year the LCHA was once again rated in the HUD Grading system SEMAP as a High Performer for the HCV program. Our HCV programs have increased this fiscal year from 1017 total vouchers utilized to 1,102 total vouchers utilized.

The private rental unit market has recovered faster than the government-assisted rental market. Our path forward is still daunting and is an uphill climb. Our 3 lawsuits pending, 1.) Residential units, 2.) Lake Charles Non-Profit Housing Development Corporation, and 3.) Low-Income Housing Tax Credit Program, have had trial dates set. A positive outcome to these lawsuits will be crucial to our success. We are hopeful and confident of that positive outcome.

# Housing Authority of the City of Lake Charles, Louisiana Management's Discussion and Analysis (MD&A)

September 30, 2023

(Unaudited)

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2023, the Housing Authority's investment in capital assets for its business-type activities was approximately \$ 10,548,244 (net of accumulated depreciation) compared to \$ 11,359,884 as of September 30, 2022, a decrease of \$ 811,640 or 7.15%.

	<u>2023</u>	<u>2022</u>
Land	\$ 2,246,850	\$ 2,246,850
Buildings and Improvements	35,859,598	35,545,269
Furniture, equipment and machinery	830,912	830,912
Accumulated Depreciation	<u>(28,389,116)</u>	<u>(27,263,147)</u>
Total	<u>\$ 10,548,244</u>	<u>\$ 11,359,884</u>

### Debt

Non-current liabilities include accrued annual vacation and sick leave due to employees. Additional debt is explained in Note L of the Notes to the Financial Statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. HUD has already approved the Budgets for 2024/2023.

## CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Lake Charles, P.O. Box 1206, Lake Charles, LA 70602 or call (337) 439-4189.

Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana

ENTERPRISE FUNDS  
Statement of Net Position

September 30, 2023

ASSETS	General	Section 8	Management	Elimination	Total Primary Government
<b>Current assets</b>					
Cash	\$ 3,210,897	\$ 281,152	\$ 185,778	\$ -	\$ 3,677,827
Investments-unrestricted	11,613,857	2,265,843	1,113,298	-	14,992,998
Accrued interest receivable	1,192,283	-	101	-	1,192,384
Accounts receivable, net	1,156,816	1,465	451,485	-	1,609,766
Interfund receivable	745,365	-	-	(745,365)	-
Inventory	73,442	-	8,249	-	81,691
Prepaid items and other assets	150,524	82,173	98,320	-	331,017
Total current assets	<u>18,143,184</u>	<u>2,630,633</u>	<u>1,857,231</u>	<u>(745,365)</u>	<u>21,885,683</u>
<b>Restricted assets</b>					
Cash-restricted	-	199,698	-	-	199,698
Security deposits	15,400	-	8,532	-	23,932
Total restricted assets	<u>15,400</u>	<u>199,698</u>	<u>8,532</u>	<u>-</u>	<u>223,630</u>
<b>Capital assets, net</b>					
Land	1,547,059	-	699,791	-	2,246,850
Buildings and equipment, net	4,673,387	-	3,628,007	-	8,301,394
Total capital assets, net	<u>6,220,446</u>	<u>-</u>	<u>4,327,798</u>	<u>-</u>	<u>10,548,244</u>
Notes, Loans & Mtgs. Receivable	6,863,716	-	801,000	-	7,664,716
Total Notes, Loans & Mtgs. Receivable	<u>6,863,716</u>	<u>-</u>	<u>801,000</u>	<u>-</u>	<u>7,664,716</u>
Total non-current assets	<u>13,099,562</u>	<u>199,698</u>	<u>5,137,330</u>	<u>-</u>	<u>18,212,960</u>
TOTAL ASSETS	<u>\$ 31,242,746</u>	<u>\$ 2,830,331</u>	<u>\$ 6,994,561</u>	<u>\$ (745,365)</u>	<u>\$ 40,322,273</u>

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana

ENTERPRISE FUNDS  
Statement of Net Position

September 30, 2023

LIABILITIES AND NET POSITION	General	Section 8	Management	Elimination	Total Primary Government
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 10,000	\$ -	\$ 1,607	\$ -	\$ 11,607
Interfund payable	-	140,624	604,741	(745,365)	-
Other current liabilities	-	2,632	-	-	2,632
Unearned Revenue	9,419,095	53,703	1,440,475	-	10,913,273
Accts. Payable-HUD/Other Government	760,056	137,108	72,587	-	969,751
Current portion of L/T Debt	-	-	269,981	-	269,981
Current portion of compensated absences	34,183	3,565	411	-	38,159
Total current liabilities	<u>10,223,334</u>	<u>337,632</u>	<u>2,389,802</u>	<u>(745,365)</u>	<u>12,205,403</u>
Current liabilities payable from current restricted assets					
Deposits due others	15,400	-	8,532	-	23,932
<b>Noncurrent liabilities</b>					
L/T Debt-Net of Current	-	-	2,414,379	-	2,414,379
Compensated absences payable	307,636	32,084	3,700	-	343,420
Total liabilities	<u>10,546,370</u>	<u>369,716</u>	<u>4,816,413</u>	<u>(745,365)</u>	<u>14,987,134</u>
<b>NET POSITION</b>					
Investment in capital assets	6,220,446	-	1,643,438	-	7,863,884
Restricted	-	9,287	-	-	9,287
Unrestricted	14,475,930	2,451,328	534,710	-	17,461,968
Net Position	<u>20,696,376</u>	<u>2,460,615</u>	<u>2,178,148</u>	<u>-</u>	<u>25,335,139</u>
<b>TOTAL LIABILITIES and NET POSITION</b>	<u>\$ 31,242,746</u>	<u>\$ 2,830,331</u>	<u>\$ 6,994,561</u>	<u>\$ (745,365)</u>	<u>\$ 40,322,273</u>

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana

Housing Authority of the City of Lake Charles  
ENTERPRISE FUNDS  
Statement of Revenues, Expenses, and Changes in Net Position

September 30, 2023

	General	Section 8	Management	Total Primary Government
<b>OPERATING REVENUES</b>				
Net Tenant Rental Revenue	\$ 141,092	\$ -	\$ 215,572	\$ 356,664
Other Revenue and Fees	552,261	36,533	4,628	593,422
Total operating revenues	<u>693,353</u>	<u>36,533</u>	<u>220,200</u>	<u>950,086</u>
<b>OPERATING EXPENSES</b>				
Administration	607,998	410,989	33,701	1,052,688
Salaries	933,719	265,693	25,460	1,224,872
Employee benefits	204,617	154,725	14,693	374,035
Tenant services	-	-	-	-
Utilities	137,845	-	3,282	141,127
Ordinary maintenance and operations	278,648	37,551	65,524	381,723
Insurance	577,335	266,590	181,897	1,025,822
Interest	-	-	95,618	95,618
General expenses	4,664	11,960	20,452	37,076
Housing assistance payments	-	7,855,737	-	7,855,737
Depreciation	1,009,840	-	116,128	1,125,968
Total operating expenses	<u>3,754,666</u>	<u>9,003,245</u>	<u>556,755</u>	<u>13,314,666</u>
	<u>(3,061,313)</u>	<u>(8,966,712)</u>	<u>(336,555)</u>	<u>(12,364,580)</u>
<b>Nonoperating revenues (expenses)</b>				
Interest earnings	498,247	110,731	9,554	618,532
Casualty Losses	-	-	-	-
Gain (loss) on disposition of capital assets	-	-	-	-
Federal grants	2,544,688	8,689,164	-	11,233,852
Total nonoperating revenues (expenses)	<u>3,042,935</u>	<u>8,799,895</u>	<u>9,554</u>	<u>11,852,384</u>
Net income (loss) before transfers and contributions	(18,378)	(166,817)	(327,001)	(512,196)
Transfers	(28,995)	-	-	(28,995)
Capital contributions	314,329	-	-	314,329
Change in net position	266,956	(166,817)	(327,001)	(226,862)
NET POSITION AT BEGINNING OF YEAR	<u>20,429,420</u>	<u>2,627,432</u>	<u>2,505,149</u>	<u>25,562,001</u>
NET POSITION AT END OF YEAR	<u>\$ 20,696,376</u>	<u>\$ 2,460,615</u>	<u>\$ 2,178,148</u>	<u>\$ 25,335,139</u>

The notes to the financial statements are an integral part of this statement

Housing Authority of The City of Lake Charles  
**ENTERPRISE FUNDS**  
Statement of Cash Flows  
For the Year Ended September 30, 2023

	General	Section 8	Management	Total Primary Government
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Rental receipts	\$ 141,092	\$ -	\$ 215,572	\$ 356,664
Payments to vendors	(1,606,490)	(727,090)	(199,032)	(2,532,612)
Payments to employees	(1,138,336)	(420,418)	(40,153)	(1,598,907)
Other receipts (payments)	552,261	36,533	4,628	593,422
Payments to private landlords	-	(7,855,737)	-	(7,855,737)
Net cash provided by (used in) operating activities	<u>(2,051,473)</u>	<u>(8,966,712)</u>	<u>(18,985)</u>	<u>(11,037,170)</u>
	(2,051,473)	(8,966,712)	(18,985)	(11,037,170)
	-	-	-	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Federal Grants	4,398,636	8,689,526	-	13,088,162
Net cash provided by (used in) noncapital financing activities	<u>4,398,636</u>	<u>8,689,526</u>	<u>-</u>	<u>13,088,162</u>
	4,398,636	8,689,526	-	13,088,162
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions/transfers	314,329	-	-	314,329
Purchase (sale) of capital assets	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>314,329</u>	<u>-</u>	<u>-</u>	<u>314,329</u>
	314,329	-	-	314,329
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments				
Purchase of investments	(7,706,555)	(107,590)	(975,379)	(8,789,524)
Interest and dividends received	498,247	110,731	9,554	618,532
Net cash provided by (used in) investing activities	<u>(7,208,308)</u>	<u>3,141</u>	<u>(965,825)</u>	<u>(8,170,992)</u>
	(7,208,308)	3,141	(965,825)	(8,170,992)
Net increase (decrease) in cash and cash equivalents	(4,546,816)	(274,045)	(984,810)	(5,805,671)
Cash and cash equivalents at beginning of year	<u>7,773,113</u>	<u>754,895</u>	<u>1,179,120</u>	<u>\$ 9,707,128</u>
	7,773,113	754,895	1,179,120	\$ 9,707,128
Cash and cash equivalents at end of year	<u>\$ 3,226,297</u>	<u>\$ 480,850</u>	<u>\$ 194,310</u>	<u>\$ 3,901,457</u>
	\$ 3,226,297	\$ 480,850	\$ 194,310	\$ 3,901,457

The notes to the financial statement are an integral part of this statement

Housing Authority of The City of Lake Charles  
**ENTERPRISE FUNDS**  
 Statement of Cash Flows  
 For the Year Ended September 30, 2023

	<b>General</b>	<b>Section 8</b>	<b>Management</b>	<b>Total Primary Government</b>
<b>RECONCILIATION OF OPERATING INCOME</b>				
<b>RECONCILIATION OF OPERATING INCOME</b>				
<b>(LOSS) TO NET CASH PROVIDED BY (USED FOR)</b>				
<b>OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (3,061,313)	\$ (8,966,712)	\$ (336,555)	\$ (12,364,580)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			-	
Depreciation	1,009,840	-	116,128	1,125,968
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,044,795)	766	(279,866)	(1,323,895)
(Increase) decrease in interfund receivables	(429,088)	(766)	-	(429,854)
(Increase) decrease in inventory	(3,453)	-	-	(3,453)
(Increase) decrease in prepaid items	213,999	(25,994)	(21,833)	166,172
(Increase) decrease in accounts payable	(35,859)	-	(1,499)	(37,358)
Increase (decrease) in other liabilities	1,301,642	(24,399)	190,008	1,467,251
Increase (decrease) in interfund payables	-	49,261	314,256	363,517
Increase (decrease) in compensated absences	(2,446)	1,132	376	(938)
Net cash provided by (used in) operating activities	<u>\$ (2,051,473)</u>	<u>\$ (8,966,712)</u>	<u>\$ (18,985)</u>	<u>\$ (11,037,170)</u>
Reconciliation of cash and cash equivalents at end of year to Balance Sheet presentation:				
Cash	\$ 3,210,897	\$ 480,850	\$ 185,778	\$ 3,877,525
Security deposits	15,400	-	8,532	23,932
Cash and cash equivalents at end of year	<u>\$ 3,226,297</u>	<u>\$ 480,850</u>	<u>\$ 194,310</u>	<u>\$ 3,901,457</u>

The notes to the financial statements are an integral part of this statement

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies**

The Housing Authority of The City of Lake Charles (the Authority) was incorporated April 25, 1940 under the authority of the Constitution and statutes (LSA:R.S. 40:381) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations in Lake Charles, Louisiana.

**A. Financial Reporting Entity**

GASB Statement 14, *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The Authority is a related organization of the City of Lake Charles since the Honorable Mayor of the City of Lake Charles appoints the Authority's governing board. The Authority's governing board is composed of five members appointed for staggered five-year terms. The City of Lake Charles is not financially accountable for the Authority as it is not able to impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the City of Lake Charles. Accordingly, the Authority is not a component unit of the financial reporting entity of the City of Lake Charles or any other governmental unit.

In determining how to define the reporting entity, management has considered all potential component units. Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Authority for financial reporting purposes. The criterion includes manifestation of oversight responsibility; including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable.

Based on the previous criteria, the Authority has determined that there are is a component unit that should be considered as part of the Authority's reporting entity. It is discretely presented in Note 17 of the note disclosures.

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**A. Financial Reporting Entity (Continued)**

Programs within the general and Section 8 funds operated by the Authority receive federal financial assistance from the U.S. Department of Housing and Urban Development (HUD), and are subject to applicable laws and regulations. The operations of each fund are accounted for through a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Federal contributions are received and accounted for in the individual programs based upon the purposes for which they are to be spent. The Authority is not subject to income taxes.

A brief description of the various programs is as follows:

- Housing Authority Owned Rental Housing (FW-1132) - Approximately 475 units of low-income public housing is owned by the Housing Authority of The City of Lake Charles. Low Income is defined by published entry in the Federal Register per Standard Metropolitan Statistical Areas (SMSA). Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing.
- Section 8 Public Owned Rental Housing - Section 8 Public Housing is a program designed to allow private homeowners to lease their houses to low-income families. The rents are set by the Federal Government and published in the Federal Register and cannot be increased without HUD approval. Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing. The Housing Authority of The City of Lake Charles makes up the difference between the tenant's portion of the rent and the Fair Market Rent as subsidy to the homeowner. Section 8 has evolved into two programs:

Housing Choice Vouchers (FW-2228V) – 2832 units

Moderate Rehab (FW-2074) – 30 units

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**A. Financial Reporting Entity (Continued)**

- PHA Owned Rental Housing - PHA Owned Housing consists of tenant housing units which the Housing Authority of The City of Lake Charles has acquired through the Federal Home Loan Bank Affordable Housing Program. The basic Section 8 rules apply. The qualifications are the same income limits published in the Federal Register for Low Income Public Housing tenants. Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing.
- PHA Owned Rental Housing and Other Properties - This program consists of PHA owned housing units and other properties acquired through management fees and earnings. Fair rental values are established and charged for the housing units, but low-income guidelines do not apply.

**B. Funds**

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Authority are classified as proprietary. The general fund accounts for transactions of the public housing low rent program and the capital fund program. The Section 8 fund accounts for transactions of the housing choice voucher program, and the moderate rehab program. The management program accounts for owned housing and other properties and management fees received for which the Authority is the managing agent.

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The Authority has elected, pursuant to Governmental Accounting Standards Board (GASB) Statement 20, to apply all GASB pronouncements and only FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**D. Budgets**

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

**E. Cash and Cash Equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits. The Authority considers all highly liquid financial instruments purchased with an original maturity of 90 days or less when purchased to be cash equivalents. The Authority had no cash equivalents at September 30, 2023.

**F. Investments**

Investments are limited by LSA-R.S. 33:2955 and the Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments included certificates of deposit, and LAMP investments. The total of all investments was \$ 14,992,998. The CD's are measured at cost plus accrued interest. The LAMP investment balance is stated at fair value. See Note 2 for more detail on investment risk.

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**G. Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for services rendered. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Additionally, transactions occur between individual funds as a result of the use of a common paymaster for shared costs of the Authority. Cash settlements are made periodically. These receivables and payables are classified as inter-fund receivables/payables.

**H. Inventory**

All purchased inventory items are valued at cost using first-in, first-out method. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

**I. Prepaid Items**

Payments made to vendors that will benefit periods beyond the fiscal year end are recorded as prepaid items.

**J. Restricted Assets**

Certain assets are classified as restricted assets on the statement of net position because their use is restricted for modernization programs, security deposits held in trust, and for the replacement of property and other project expenditures approved by HUD.

**K. Capital Assets**

The Authority's purchased capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The Authority's policy is to capitalize significant items of equipment, major renovations, buildings, and real estate. The Authority changed its capitalization of equipment and/or personal property policy on June 28, 2018 such that any initial cost of \$5,000 or more and an anticipated life or useful value of said equipment or property of more than one year will be capitalized. The capitalization threshold applies to all capital assets, with the exception of ranges and refrigerators.

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**K. Capital Assets (continued)**

Straight-line depreciation is calculated in accordance with public housing authority guidelines as follows:

Buildings	40 years
Site improvements	15-40 years
Furniture, equipment, and machinery	5-10 years
Vehicles	5-10 years

When capital assets are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

**L. Long-Term Debt**

The Authority obtained a \$4,000,000 loan from Jeff Davis Bank to finance the purchase of Greinwich Village. The note has an interest rate of 4% and a term of 15 years. Future projected payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
			2,355,001
2023	69,506	19,612	2,285,495
2024	<u>2,285,495</u>	<u>73,935</u>	0
Total	\$ 2,355,001	Total \$ 93,547	

The current portion of this debt that is due as of 9-30-23 is \$ 269,981.

An additional loan was obtained from Jeff Davis Bank for \$ 322,000. This loan was made to fund the development of a low-income housing project known as Booker T. Washington Homes in Lake Charles, Louisiana. The loan shall bear interest at 0.25% per annum, compounded annually and shall be due and payable on the forty-first (41<sup>st</sup>) anniversary of the date of the original loan, which will be September 11, 2055. The current note payable balance is \$ 329,358, which includes \$ 7,358 in accrued interest.

In 2020, the LCHA sold 233 units and their leasehold improvements to the CCM tax credit partnership. They entered into a 99-year ground lease for the land for \$ 10 a year. As of 9/30/2020 the sale was recorded at the discounted present value of the note resulting in the recording of a note receivable in the amount of \$ 9,420,000 and the recording of a note receivable discount in the amount of \$ 7,379,657. The difference of \$ 2,040,343 was set up to be amortized over the 40-year term of the note at an annual interest rate of 4 %. In September of 2021 the discount was netted against the note receivable. The amount to be amortized as of 9/30/23 is \$ 2,295,108.

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements  
September 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**M. Compensated Absences**

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Annual and sick leave is earned by each full-time and each part-time associate who has a regular tour of duty, except that no associate shall earn annual or sick leave while serving on restricted appointment or while using leave from an agency leave pool as defined in Rule 11.34. The earning of such leave is based on the equivalent of years of full-time State service and shall be creditable at the end of each calendar month or at the end of each regular pay period based on graduated rates per hour. Accrued unused annual and sick leave earned by an associate shall be carried forward to succeeding calendar years. Upon separation from the Authority, an associate is paid the value of his accrued annual leave in a lump sum up to a maximum of 300 hours disregarding any final fraction of an hour; provided the privileges of this rule shall not extend to any associate who is dismissed for theft of Authority funds or property. Upon separation from the Authority, an associate is not compensated for sick leave.

**N. Restricted Net Position**

The statement of net position reports net position as the difference between all other elements in a statement of net position and is displayed in the three following components:

\* Net investment in capital assets - consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

\* Restricted - consists of amounts with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

\* Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

**O. 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, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

**P. Component Use of Accounting Standards**

The component unit referred to in Note 16 of the disclosures uses nongovernmental accounting standards as it relates to its reporting of the financial information on the nonprofit.

**Note 2- Deposits and Investments-**

The Authority's investments are limited to those allowed by state statute.

**Custodial Credit Risk-Deposits:** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The balances of the *demand deposits* with financial institutions on September 30, 2023 was \$ 3,901,455. Of this amount \$ 750,000 is totally insured by FDIC insurance. The remaining balance of \$ 3,151,455 was secured by collateral held by the pledging financial institution agent in the name of the pledging financial institutions and pledged to the Housing Authority of The City of Lake Charles.

continued

Housing Authority of The City of Lake Charles  
 Lake Charles, Louisiana  
 Notes to Basic Financial Statements

September 30, 2023

**Note 2-Deposits and Investments-continued**

Although the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon request.

Under state law, the Authority's demand deposits are required to be fully collateralized at all times. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

**Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of the failure of the counter-party, the Authority will not be able to recover the value of its investments or collateral securities are in the possession of an outside party. The Authority does maintain investment accounts at Louisiana Asset Management Pool (LAMP). LAMP participants' investments in the pool are evidenced by shares of the pool. LCHA's investment is with the pool, not the securities that make up the pool. LAMP is rated AAA by Standard & Poor's. The funds in LAMP are not categorized in the three risk categories provided by GASB because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Only political subdivisions having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placements of public funds in short-term, high-quality investments.

**Interest Rate Risk/Credit Risk:** LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**Louisiana Asset Management Pool Balance:** The investments of \$ 14,874,877 in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP is not registered with the SEC as an investment company.

**Certificates of Deposit Balances:** (insured by FDIC)

	<u>Maturity</u>	<u>Interest Rate</u>	
Certificate of Deposit	11/8/23	.050%	\$ <u>118,121</u>
Total Current			\$ 118,121

The certificates of deposit are recorded at cost plus accrued interest.

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements  
September 30, 2023

**Note 3 - Accounts Receivable**

The accounts receivable at September 30, 2023 are as follows:

<u>Class of Receivable</u>	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Total</u>
Tenants	\$ 166,612	0	64,159	\$ 230,771
A/R-Miscellaneous	989,637	0	387,326	\$ 1,376,963
Accr. Int. Receivable	1,192,283	0	101	\$ 1,192,384
A/R-HUD/Other Projects	567	1,218	0	\$ 1,785
Totals	\$ 2,349,099	\$ 1,218	\$ 451,586	\$ 2,801,903

The accounts receivable – other consists of balances due from other entities the Authority manages and consists of balances due from other entities that are commercial property tenants. The Authority expects to collect those balances in full. Included in tenants accounts receivable are repayment agreements for fraudulently reporting incorrect income amounts for past rental calculations.

**Note 4 – Prepaid Items**

Prepaid items as of September 30, 2023 consisted of prepaid insurance of \$ 331,017.

**Note 5 – Capital Assets** Changes in capital assets and accumulated depreciation during the current year are as follows:

	<u>9/30/2022</u>			<u>9/30/2023</u>
	<u>Cost</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Cost</u>
Land	\$ 2,117,555	\$ -	\$ -	\$ 2,117,555
Building and Improvements	35,587,931	-	-	35,587,931
Furniture, equip., and machinery	802,605	-	-	802,605
	<u>\$ 38,508,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>38,508,091</u>
Accumulated depreciation:				
Balance 09/30/22				26,833,879
Current year depreciation				1,125,968
Current year dispositions				<u>-</u>
Balance 09/30/23				<u>27,959,847</u>
Capital assets, net of accumulated depreciation				<u>\$ 10,548,244</u>

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 6 – Inter-fund Receivables/Payables**

The following schedule reports receivables and payables within the reporting entity at September 30, 2023:

	<u>Receivables</u>	<u>Payables</u>
General		
Central Office Clearing	745,365	-
Housing Choice Vouchers	-	-
	745,365	-
Section 8		
14.HCC HCV Cares Act	-	-
14.PHC Public Housing Cares	-	-
14.IKE	-	-
14.CCC Central Office	-	-
General-AMP's	-	-
Housing Choice Vouchers	-	139,823
Moderate Rehab	-	801
	-	140,624
Management		
Housing Choice Vouchers	-	604,741
	-	604,741
Totals	\$ 745,365	\$ 745,365

**Note 7 - Accounts Payable**

The accounts payable at September 30, 2023 are as follows:

	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Total</u>
<u>Class of Payable</u>				
Vendors	\$ 10,000	\$ -	\$ 1,607	\$ 11,607
Unearned Revenue-Ins.Proc	\$ 9,419,095	\$ 53,708	\$ 1,440,475	\$ 10,913,273
Accts. Payable-Other Govt.	760,056	136,748	72,587	\$ 969,391
Other Liabilities	-	2,632	-	\$ 2,632
	\$ 10,189,151	\$ 193,083	\$ 1,514,669	\$ 11,896,903

The \$ 760,056 represents funds loaned to the tax credit entities that will be paid back to HUD. HUD approved this transaction before it occurred. Unearned revenues are disaster insurance proceeds.

Housing Authority of The City of Lake Charles  
 Lake Charles, Louisiana  
 Notes to Basic Financial Statements  
 September 30, 2023

**Note 8 – General Long-Term Obligations**

The following is a summary of the long-term obligation transactions for the year ended September 30, 2023, which consisted of, compensated absences:

Balance, beginning	\$ 360,727
Net Changes	<u>(17,307)</u>
Balance, ending	<u><u>\$ 343,420</u></u>
Amounts due in one year	<u><u>\$ 38,159</u></u>

In the past the liability has been liquidated by the general fund.

**Note 9 – Retirement Plan**

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. The Board of Commissioners of the Authority determines plan provisions and changes to plan contributions.

Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

Under the plan, the Authority contributes 8.5% of the employee's basic (excludes overtime) monthly salary to the plan with the provision that the employee is required to contribute a minimum of 6%. The Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Authority. Normal retirement date shall be the first day of the month following the employee's 65<sup>th</sup> birthday.

The Authority's total salaries and employee benefits for the year ended September 30, 2023 was \$1,598,9007. The Authority's retirement contributions were calculated using an average base salary amount of \$1,187,859. The Authority made the required contributions of \$105,298 for the year ended September 30, 2023.

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2023

**Note 10 - Contingencies and Commitments**

**Litigation** At September 30, 2023, the Authority was involved in a variety of litigation. It is the opinion of the legal advisor of the Authority that this litigation would not have a material effect on the financial statements and that any potential liability would be covered by insurance. There is pending litigation relating to disaster issues but it is the legal advisors' opinion(s) that any potential liability would be covered by the issuance of the final disaster insurance proceeds.

**Note 11 – 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 natural disasters for which the Authority carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 12 - Management Agreement**

In July 2001 the Authority received approval from the United States Department of Housing and Urban Development (HUD) to become the management agent of Willow Manor. The Authority will have the duty of maintaining, servicing, repairing, promoting, publicizing, operating, and managing a housing complex owned by Willow Manor, Inc. The management fee set forth and approved by HUD, is 8.9% of residential income collected. Management fee income for the year was \$ 1,318.

**Note 13 – Economic Dependence and Current Vulnerability Due to Certain Concentrations**

The Department of Housing and Urban Development provided \$ 11,233,852 to the Authority, which represents approximately 88% of the Authority's total revenue for the year.

The Authority's operations are concentrated in the public housing real estate market. In addition, 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 the related cost, including additional administrative burden, to comply with a change.

Housing Authority of the City of Lake Charles  
Notes to Basic Financial Statements  
September 30, 2023

**Note 14- Hurricane(s) Laura and Delta (2020)**

Hurricanes Laura and Delta had a severe impact on the LCHA as well as many other businesses and tenants. A mandatory evacuation was ordered. Electricity was out for over a month in some areas. Other utility services were slow to come back into operation.

Damage claims exceeding \$25,000,000 have been filed. Some have been paid and some are in litigation. A lack of experienced, available contractors and/or building supplies in the areas affected by the hurricanes has slowed down the re-building process. A Public Adjuster has been hired to help facilitate insurance claims. Additionally, DCMC Partners, a FEMA reimbursement consultant, has been hired to help LCHA obtain FEMA funding that is due. This includes reimbursements for deductibles paid out. Contracts have been awarded for re-roofing Woodway Park, a complete re-build of Willow Manor, and re-roofing Greinwich Village Homes. The process of bidding out interior work in the tenant housing is also underway.

**Note 15 – Financing of Note Receivable/Related Party Transactions**

In 2012 HUD approved the advance of Fungibility Funds to several new tax credit entities. Construction and permanent financing was provided by the Housing Authority of the City of Lake Charles. Non-recourse promissory notes were issued by the Partnerships that were formed in these new tax credit entities. The Partnerships shall make annual payments to the Housing Authority from available cash flow as set forth in the Partnership Agreements. The loans are collateralized by a second security interest in the Partnership's property and improvement and granting a pledge and security interest in all general intangibles, equipment, inventory, accounts receivable, operating accounts, furniture, fixtures, etc. of the Borrower. The detail for the tax credit entities owing the financing to The Housing Authority is as follows:

<u>Entity</u>	<u>Mortgage</u>	<u>Term</u>	<u>Int.Rate</u>	<u>Maturity</u>
Booker T. Washington	\$ 322,000	40 yrs	.25%	9/11/2055
Booker T. Washington	\$ 160,000	40 yrs	2.00%	1/04/2053
Booker T. Washington	\$ 1,328,138	40 yrs	4.00%	1/04/2053
Kingsley Court	\$ 1,508,404	40 yrs	2.00%	12/31/2052
Bayou Bluff	\$ 1,732,066	40 yrs	2.00%	12/31/2052
High School Park	\$ 319,000	35 yrs	0.00%	12/28/2050
CCM Tax Credit Partner	\$ 2,295,108	40 yrs	4.00%	09/30/2058
Total Notes Receivable	<u>\$ 7,664,716</u>			

In 2020 LCHA sold 233 units to the CCM tax credit partnership on October 1, 2019. They entered into a 99-year ground lease for the land for \$ 10 a year. They also sold the improvements to these units. This transaction resulted in a note of \$ 9,420,000 with no interest, payable in 40 years based on cash flow. The sale was recorded at the discounted present value of the note, assuming no payments until the end of the 40<sup>th</sup> year. The discounted rate used was 4%. In 2021 the note receivable and the discounted note were netted. This has resulted in a current note receivable balance from the CCM Tax Credit Partner of \$ 2,295,108 as of 9/30/23.



Housing Authority of the City of Lake Charles  
Notes to the Basic Financial Statements (cont'd)  
September 30, 2023

**Note 17- HUD issuance of “Troubled Designation” Letter**

On September 26, 2023 the U.S. Department of Housing and Urban Development issued a letter stating that on August 14, 2023 the Housing Authority of the City of Lake Charles was designated “Troubled”. This designation was assigned based upon a failing Public Housing Assessment (PHAS) physical score of 15 (of 40), audited financial score of 22 (of 25), management score of 5 (of 25), Capital Fund score of 5 (of 10), and an overall score of 47 (of 100) for the fiscal year ending 9/30/23.

**A copy of the HUD letter and management’s response follows this Note disclosure.**

It should be noted that LCHA had already put in place cost-reduction measures prior to the issuance of this designation. Those measures have contributed greatly to minimize the losses experienced.

Additionally, as noted in management’s response letter The Housing Authority of the City of Lake Charles was awarded a \$ 40 million CNI grant for their Mid-City Transformation project. These funds will assist in the demolition and rebuild of multiple housing units.

The “troubled” designation is a direct result of the impact that the 4 Presidentially-declared weather disasters have had on the organization. Insurance was in place at the time of each of these events but the insurance companies have not been cooperative and now trials are set to resolve the issues. Part of the HUD low scoring comes from the fact that LCHA has a low occupancy rate and inspections are not good because of damages that have not been repaired due to the lack of insurance proceeds. There is progress but the outcome of pending trials set is crucial to the completion of repairing damage caused by the natural disasters.

A positive trial outcome is anticipated. Once the trial process has concluded, construction can be increase so that current vacancies can be eliminated and tenants can begin to re-occupy the LCHA housing units.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
LOUISIANA STATE OFFICE  
HALE BOGGS FEDERAL BUILDING  
500 POYDRAS STREET, 9<sup>th</sup> Floor  
NEW ORLEANS, LA 70130-3099  
[www.hud.gov](http://www.hud.gov)

*Office of Public Housing*

September 26, 2023

Nicole Miller, Chairperson  
Board of Commissioners  
Lake Charles Housing Authority  
P.O. Box 1206  
Lake Charles, LA 70602  
[nmiller@calcasieu.gov](mailto:nmiller@calcasieu.gov)

Dear Commissioners:

Subject: Lake Charles Housing Authority (LA004) Public Housing Assessment System (PHAS) Troubled Designation — Take Action Letter

On August 14, 2023, the Lake Charles Housing Authority was designated Troubled by HUD based on a failing Public Housing Assessment System (PHAS) physical score of 15 (of 40), audited financial score of 22 (of 25), management score of 5 (of 25), Capital Fund score of 5 (of 10), and an overall score of 47 (of 100) for the fiscal year ending 9/30, 2023, as shown in the enclosed PHAS Score Report.

It is critical that the Agency assess its current situation to determine if recovery is feasible or if alternative options for affordable housing should be considered. The Board of Commissioners/Governing Body of the Lake Charles Housing Authority should take immediate action to identify the source(s) of the performance deficiencies and develop and implement a plan to determine if an acceptable PHAS score can be achieved and sustained or to identify other uses for the housing subsidies.

The following list of actions is offered as common suggestions to the Board to use in self-diagnosing the source(s) of its deficiencies and identifying solutions to recover its performance for long-term sustainability.

#### Financial

Typically, when a public housing agency becomes financially substandard, it must either: (1) increase revenue; (2) decrease expenses; or (3) implement a combination of both.

#### Revenue

- Evaluate tenant screening, lease enforcement, and rent collection policies and actions to increase tenant rental revenue.
- Consider establishing or raising minimum rents.
- Consider obtaining approval from HUD to reposition non-performing Public Housing

property or non-residential property covered under a HUD Declaration of Trust.

- Consider selling unencumbered property.
- Consider obtaining unrestricted non-Federal funding from State or local government agencies to improve the financial position of the Public Housing program.
- Consider reducing the scope of non-federal programs to operate within their financial means.

#### Expenses

- Consider reducing salaries and employee benefits to levels that stay within budget parameters.
- Consider reducing management and line staffing levels.
- Evaluate utility consumption, energy policies, and consider implementation of energy conservation measures and agreements to reduce energy costs.
- Evaluate all existing contracts for cost and necessity.
- Evaluate and re-bid insurance costs.
- Evaluate the need and usage of fleet vehicles.
- Evaluate cost allocation plan if agency operates more than Public Housing.
- Consider contracting property management or maintenance of Public Housing to another entity or public housing agency.

#### Management

Generally, when a public housing agency becomes management substandard, it has failed to maintain an acceptable occupancy level in its developments.

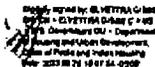
- Evaluate waiting list, tenant selection, and initial certification processes to ensure coordination with property managers and timely preparation for move-ins.
- Assess existing new tenant intake policies and practices and consider implementing those that would contribute to quicker lease up, such as starting the certification process earlier or limiting the number of unit-offer turndowns for new tenants.
- Assess existing continued occupancy policies and practices and consider implementing those that would reduce the frequency of move-outs, such as educating tenants on lease enforcement and how to be good renters or limiting transfers for existing tenants. ● Assess the impact of current operating protocols for late rent payments as well as timely payments to vendors.
- Evaluate the turn-around time of vacant units for occupancy, including the time it takes maintenance to make-ready units and the time it takes property managers to lease up units.
- Assess the feasibility and desirability of under-occupied developments, e.g. physical condition and configuration, rehabilitation costs and lifespan, neighborhood factors such as crime and proximity to employment, transportation, and services, etc., and consider repositioning options if appropriate.
- Ensure that units taken offline for modernization, special use, or other allowed reasons have been approved by HUD, do not exceed their permissible time limitation, and are correctly classified in HUD systems.
- Consider contracting property management of Public Housing to another entity or public housing agency.

**Please provide our office with a proposed recovery plan within 30 days of the receipt of this letter.** Your plan will be reviewed by a Recovery Team of subject matter experts to determine further assistance to be provided by HUD and actions to be taken.

Please also be advised that HUD is initiating actions to develop and execute a binding Recovery Agreement and Action Plan with the Lake Charles Housing Authority, as required by federal statute, to document and ensure that recovery efforts have been put in place and the Agency achieves and sustains acceptable performance or identifies other opportunities for affordable housing. If the assessment determines that Public Housing can be sustained and improved, the Recovery Agreement and Action Plan will include recovery benchmarks in accordance with statutory requirements, implemented by regulations found at 24 CFR 902.75(d). Specifically, the Lake Charles Housing Authority must meet two sequential benchmarks after being designated Troubled: 1) a 50% recovery of the Troubled PHAS score on the first released PHAS assessment that is at least 12 months after the Troubled designation — that is to say, a minimum PHAS score for that period of 59 and 2) a full recovery to a PHAS score of 60 or higher on the next sequential fiscal year PHAS assessment.

If you have any questions or need assistance in developing your plan, please contact Teri Rouzan-Pannia, Portfolio Management Specialist at [teri.a.rouzan-pannia@hud.gov](mailto:teri.a.rouzan-pannia@hud.gov) or 504671-3038.

Sincerely,  
ELVETTRA  
GIBBS  
Elvettra N. Gibbs  
Director  
Office of Public Housing



Enclosure

cc:  
Mayor Nic Hunter  
326 Pujoe Street, Lake Charles, LA 70601  
[nhunter@cityoflc.us](mailto:nhunter@cityoflc.us)

Benjamin Taylor  
Executive Director  
P.O. Box 1206, Lake Charles LA 70601  
[sbt@lcha-housing.org](mailto:sbt@lcha-housing.org)

# HOUSING AUTHORITY OF THE CITY OF LAKE CHARLES

"Providing safe, decent, affordable housing to low Income Families"

S. Benjamin Taylor, Jr.  
Executive Director

*Commissioners:*

Nicole Miller  
Earnest McCarty, II  
Michael Hankins  
Thomas Redd

Teri Rouzan-Pannia  
Portfolio Management Specialist  
US Dept. of HUD Public Housing  
500 Poydras Street, 9<sup>th</sup> Floor  
New Orleans, LA 70130

RE: Trouble Agency Response

To whom this may concern:

We have experienced 4 Presidentially Declared weather related disasters besides Covid. They are listed as follows:

1. DR-4559-LA, Hurricane Laura
2. DR-4570-LA, Hurricane Delta
3. DR-4590-LA, Ice Storm
4. DR-4606-LA, May Flood

These events occurred in a 10-month period, starting with the deadly and destructive Category 4 Hurricane Laura making landfall on August 27, 2020, and ending with an historic 16-18 inches of rain fall over a six-hour period May 17, 2021, causing an unprecedented flash flood.

Our Agency is and has been fighting with the insurance company since Hurricane Laura. We have received some money from the insurance company but that only covered remediation. We had a scheduled mediation/litigation for November 1, 2023, dealing with our residential units but that didn't get us anywhere. At this time, we are preparing to go to trial.

We received some good news that we were awarded a \$40 million CNI grant for our Mid-City Transformation project. That will help us demolish and rebuild the majority of our AMP 3-Lbyd Oaks Development, 240 Public Housing units.

In response to the troubled destination take action letter, I wanted to let you know that we have already implemented several of the suggested actions.

ADMINISTRATIVE OFFICES  
800 BILBO STREET

(331) 426-8981 - FAX (337) 426-8983

P.O. BOX 1206, LAKE CHARLES, LOUISIANA

70602

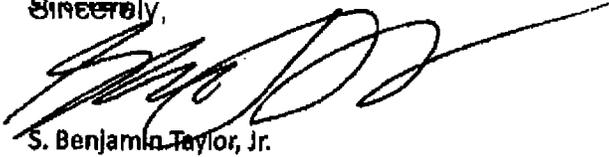
SECTION 8 PROGRAM  
800 BILBO STREET

(337) 426-8981 - FAX (337) 426-8983

1. In dealing with FEMA, we heard from Insurance Adjusters and FEMA Personnel that no geographical area in their experience has ever experienced 4 Presidentially Declared Disasters in the space of less than a year.
2. The LCHA, in an effort to maximize our insurance claim procured FEMA Consultants and a Public Adjuster to help us with our claim.

If you have any questions or suggestions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Benjamin Taylor, Jr.", written over the word "Sincerely,".

S. Benjamin Taylor, Jr.

**SUPPLEMENTARY INFORMATION**

Statement & Certification of Actual Modernization Cost

Financial Data Schedule

Schedule of Compensation, Benefits & Other Payments to CEO

Housing Authority of The City of Lake Charles  
Statement and Certification of Actual Modernization Cost  
Annual Contribution Contract

September 30, 2023

1. The Actual Modernization Costs are as follows:

	(2018) Capital Fund	(2019) Capital Fund
Funds approved	\$ 1,881,658	\$ 1,691,834
Funds expended	<u>\$ (1,153,222)</u>	<u>\$ (.986,111)</u>
Funds left to spend	<u>\$ 728,436</u>	<u>\$ 705,723</u>
	(2020) Capital Fund	(2021) Capital Fund
Funds approved	\$ 1,386,546	\$ 1,453,948
Funds expended	<u>\$ (237,886)</u>	<u>\$ (240,000)</u>
Funds left to spend	<u>\$ 1,148,660</u>	<u>\$ 1,213,948</u>
	(2022) Capital Fund	
Funds approved	\$ 1,588,066	
Funds expended	<u>\$ (393,117)</u>	
Funds left to spend	\$ 1,194,949	

2. The distribution of costs by project as shown on the Statements of Modernization Costs accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of the City of Lake Charles  
Financial Data Schedule  
For the Year Ended September 30, 2023

Account Description	14.850	14.871	Business Activities	Elimination	14.HCC HCV Care Act Funding
	Low Rent Public Housing	Housing Choice Vouchers			
Cash-Unrestricted	\$3,226,297	\$4,257	\$194,310	\$0	\$0
Cash-Other restricted	\$0	\$69,940	\$0	\$0	\$0
Cash-restricted for pmt of current liabilities	\$0	\$0	\$0	\$0	\$0
Cash-Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0
Total Cash	\$3,226,297	\$74,197	\$194,310	\$0	\$0
Accounts Receivable-PHA Projects	\$0	\$1,218	\$0	\$0	\$0
Accounts Receivable-HUD Other Projects	\$567	\$0	\$0	\$0	\$0
Accounts Receivable-Other Government	\$0	\$0	\$0	\$0	\$0
Accounts Receivable-Miscellaneous	\$989,637	\$0	\$387,326	\$0	\$0
Accounts Receivable-Tenants-Dwelling Rents	\$175,386	\$0	\$67,536	\$0	\$0
Allowance for Doubtful Accounts-Tenants	(\$8,774)	\$0	(\$3,377)	\$0	\$0
Notes, Loans, & Mortgages Rcble-Current	\$0	\$0	\$0	\$0	\$0
Fraud Recovery	\$0	\$373,381	\$0	\$0	\$0
Allowance for Doubtful Accounts-Fraud	\$0	(\$373,381)	\$0	\$0	\$0
Accrued Interest Receivable	\$1,192,283	\$0	\$101	\$0	\$0
Total Receivables, net of allowance for doubtful accounts	\$2,349,099	\$1,218	\$451,586	\$0	\$0
Investments-Unrestricted	\$11,613,857	\$1,618,428	\$1,113,298	\$0	\$0
Investments-Restricted	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses and Other Assets	\$150,524	\$81,954	\$98,320	\$0	\$0
Inventories	\$73,442	\$0	\$8,249	\$0	\$0
Interprogram Due From	\$745,365	\$0	\$0	(\$745,365)	\$0
Total Current Assets	\$18,158,584	\$1,775,797	\$1,865,763	(\$745,365)	\$0
Land	\$1,547,059	\$0	\$699,791	\$0	\$0
Buildings	\$31,182,950	\$0	\$4,507,932	\$0	\$0
Furniture, Equipment & Machinery-Dwellings	\$355,621	\$0	\$0	\$0	\$0
Furniture, Equipment & Machinery-Administration	\$446,984	\$0	\$28,307	\$0	\$0
Leasehold Improvements	\$32,949	\$0	\$135,767	\$0	\$0
Accumulated Depreciation	(\$27,345,117)	\$0	(\$1,043,999)	\$0	\$0
Total Fixed Assets, Net of Accumulated Depreciation	\$6,220,446	\$0	\$4,327,798	\$0	\$0
Notes, Loans & Mortgages Receivable	\$6,863,716	\$0	\$801,000	\$0	\$0
Other Assets	\$0	\$0	\$0	\$0	\$0
Total Non-Current Assets	\$13,084,162	\$0	\$5,128,798	\$0	\$0
Total Assets	\$31,242,746	\$1,775,797	\$6,994,561	(\$745,365)	\$0
Accounts Payable<=90 days	\$10,000	\$0	\$1,607	\$0	\$0
Accounts Payable >=90 Days	\$0	\$0	\$0	\$0	\$0
Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$0
Accrued Compensated Absences - Current Portion	\$34,183	\$3,270	\$411	\$0	\$0
Accounts Payable-HUD PHA Programs/Projects	\$731,405	\$6,990	\$0	\$0	\$0
Accounts Payable-Other Government	\$28,651	\$0	\$72,587	\$0	\$0
Tenant Security Deposits	\$15,400	\$0	\$8,532	\$0	\$0
Unearned Revenue	\$9,419,095	\$53,703	\$1,440,475	\$0	\$0
Current Portion of L/T Debt-Capital	\$0	\$0	\$269,981	\$0	\$0
Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$566	\$0	\$0	\$0
Interprogram Due To	\$0	\$139,823	\$604,741	(\$745,365)	\$0
Total Current Liabilities	\$10,238,734	\$204,352	\$2,398,334	(\$745,365)	\$0
Accrued Compensated Absences-Non Current	\$307,636	\$29,431	\$3,700	\$0	\$0
Long-term Debt-Net of Current-Cap. Projects/Mortgage	\$0	\$0	\$2,414,379	\$0	\$0
Non-current Liabilities-Other	\$0	\$0	\$0	\$0	\$0
Total Noncurrent Liabilities	\$307,636	\$29,431	\$2,418,079	\$0	\$0
Total Liabilities	\$10,546,370	\$233,783	\$4,816,413	(\$745,365)	\$0
Invested In Capital Assets, Net of Related Debt	\$6,220,446	\$0	\$1,643,438	\$0	\$0
Restricted Net Position	\$0	\$9,287	\$0	\$0	\$0
Unrestricted Net Position	\$14,475,930	\$1,532,727	\$534,710	\$0	\$0
Total Equity/Net Assets/Position	\$20,696,376	\$1,542,014	\$2,178,148	\$0	\$0
Total Liabilities, Deferred Inflows of Resources & Equity	\$31,242,746	\$1,775,797	\$6,994,561	(\$745,365)	\$0

14.PHC Public Housing CARES Act Funding	14.CCC Cent Office Cost Ctr CARES Act	14.IKE DHAP- Ike	14.856 Lower Income Section 8 Mod Rehab MR002/MR003	Total	6.1 Component Unit Discretely Presented	Total
\$0		\$180,181	\$96,714	\$3,701,759	\$1,567,727	\$5,269,486
\$0	\$0	\$0	\$129,758	\$199,698	\$0	\$199,698
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$180,181	\$226,472	\$3,901,457	\$1,567,727	\$5,469,184
						\$0
\$0	\$0	\$0	\$0	\$1,218	\$0	\$1,218
\$0	\$0	\$0	\$0	\$567	\$0	\$567
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$247	\$1,377,210	\$2,599,538	\$3,976,748
\$0	\$0	\$0	\$0	\$242,922	\$0	\$242,922
\$0	\$0	\$0	\$0	(\$12,151)	\$0	(\$12,151)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$12,631	\$386,012	\$0	\$386,012
\$0	\$0	\$0	(\$12,631)	(\$386,012)	\$0	(\$386,012)
\$0	\$0	\$0	\$0	\$1,192,384	\$450,330	\$1,642,714
\$0	\$0	\$0	\$247	\$2,802,150	\$3,049,868	\$5,852,018
						\$0
\$0	\$0	\$431,688	\$215,727	\$14,992,998	\$1,876,009	\$16,869,007
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$219	\$331,017	\$6,751	\$337,768
\$0	\$0	\$0	\$0	\$81,691	\$0	\$81,691
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$611,869	\$442,665	\$22,109,313	\$6,500,355	\$28,609,668
						\$0
\$0	\$0	\$0	\$0	\$2,246,850	\$570,496	\$2,817,346
\$0	\$0	\$0	\$0	\$35,690,882	\$821,463	\$36,512,345
\$0	\$0	\$0	\$0	\$355,621	\$0	\$355,621
\$0	\$0	\$0	\$0	\$475,291	\$0	\$475,291
\$0	\$0	\$0	\$0	\$168,716	\$0	\$168,716
\$0	\$0	\$0	\$0	(\$28,389,116)	(\$614,730)	(\$29,003,846)
\$0	\$0	\$0	\$0	\$10,548,244	\$777,229	\$11,325,473
						\$0
\$0	\$0	\$0	\$0	\$7,664,716	\$1,854,321	\$9,519,037
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$18,212,960	\$2,631,550	\$20,844,510
						\$0
\$0	\$0	\$611,869	\$442,665	\$40,322,273	\$9,131,905	\$49,454,178
						\$0
\$0	\$0	\$0	\$0	\$11,607	\$39	\$11,646
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$295	\$38,159	\$0	\$38,159
\$0	\$0	\$0	\$117,592	\$855,987	\$0	\$855,987
\$0	\$0	\$0	\$12,526	\$113,764	\$0	\$113,764
\$0	\$0	\$0	\$0	\$23,932	\$0	\$23,932
\$0	\$0	\$0	\$0	\$10,913,273	\$1,352,757	\$12,266,030
\$0	\$0	\$0	\$0	\$269,981	\$0	\$269,981
\$0	\$0	\$0	\$0	\$0	\$9,746	\$9,746
\$0	\$0	\$0	\$2,066	\$2,632	\$0	\$2,632
\$0	\$0	\$0	\$801	\$0	\$0	\$0
\$0	\$0	\$0	\$133,280	\$12,229,335	\$1,362,542	\$13,591,877
						\$0
\$0	\$0	\$0	\$2,653	\$343,420	\$0	\$343,420
\$0	\$0	\$0	\$0	\$2,414,379	\$500,000	\$2,914,379
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$2,653	\$2,757,799	\$500,000	\$3,257,799
						\$0
\$0	\$0	\$0	\$135,933	\$14,987,134	\$1,862,542	\$16,849,676
						\$0
\$0	\$0	\$0	\$0	\$7,863,884	\$0	\$7,863,884
						\$0
\$0	\$0	\$0	\$0	\$9,287	\$0	\$9,287
\$0	\$0	\$611,869	\$306,732	\$17,461,968	\$7,269,363	\$24,731,331
\$0	\$0	\$611,869	\$306,732	\$25,335,139	\$7,269,363	\$32,604,502
						\$0
\$0	\$0	\$611,869	\$442,665	\$40,322,273	\$9,131,905	\$49,454,178

Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana

For the Year Ended September 30, 2023

Account Description	14.850 Low Rent Public Housing	14.871 Housing Choice Vouchers	Business Activities	Elimination	14.HCC HCV Care Act Funding
Net Tenant Rental Revenue	\$141,092	\$0	\$215,572	\$0	\$0
Tenant Revenue-Other	\$0	\$0	\$0	\$0	\$0
Total Tenant Revenue	\$141,092	\$0	\$215,572	\$0	\$0
HUD PHA Operating Grants	\$2,544,688	\$8,433,745	\$0	\$0	\$0
Capital Grants	\$314,329	\$0	\$0	\$0	\$0
Management Fee	\$177,793	\$0	\$0	\$0	\$0
Asset Management Fee	\$208,008	\$0	\$0	\$0	\$0
Bookkeeping Fee	\$100,597	\$0	\$0	\$0	\$0
Investment Income-Unrestricted	\$297,016	\$72,837	\$9,554	\$0	\$0
Mortgage Interest Income	\$201,231	\$0	\$0	\$0	\$0
Fraud Recovery	\$0	\$21,568	\$0	\$0	\$0
Other Revenue	\$65,863	\$14,745	\$4,828	\$0	\$0
Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0
Investment Income-Restricted	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$4,050,617	\$8,542,895	\$229,754	\$0	\$0
Administrative Salaries	\$613,722	\$235,301	\$25,460	\$0	\$0
Book-keeping and Auditing Fees	\$202,795	\$138,997	\$5,561	\$0	\$0
Management Fees	\$0	\$0	\$0	\$0	\$0
Office expenses	\$0	\$0	\$0	\$0	\$0
Employee Benefit Contributions-Administrative	\$204,617	\$138,446	\$14,693	\$0	\$0
Asset Management Fees	\$54,720	\$147,372	\$0	\$0	\$0
Travel	\$708	\$732	\$15,527	\$0	\$0
Legal Expenses	\$0	\$0	\$525	\$0	\$0
Other-Administrative	\$349,775	\$105,155	\$12,088	\$0	\$0
Tenant Services-Salaries	\$0	\$0	\$0	\$0	\$0
Relocation Services	\$0	\$0	\$0	\$0	\$0
Employee Benefit Contributions-Tenant Services	\$0	\$0	\$0	\$0	\$0
Tenant Services-other	\$0	\$0	\$0	\$0	\$0
Water	\$59,159	\$0	\$718	\$0	\$0
Electricity	\$71,444	\$0	\$2,434	\$0	\$0
Gas	\$7,242	\$0	\$130	\$0	\$0
Ordinary Maintenance and Operations-Labor	\$319,997	\$0	\$0	\$0	\$0
Ordinary Maintenance and Operations-Materials and Other	\$46,680	\$1,436	\$8,791	\$0	\$0
Ordinary Maintenance and Operations-Contract Costs	\$60,944	\$36,115	\$56,733	\$0	\$0
Employee Benefit Contributions-Ordinary Maintenance	\$171,024	\$0	\$0	\$0	\$0
Property Insurance	\$513,207	\$50,384	\$174,714	\$0	\$0
Liability Insurance	\$8,722	\$205,130	\$6,555	\$0	\$0
Workmen's Compensation	\$24,081	\$3,537	\$210	\$0	\$0
All Other Insurance	\$31,325	\$6,764	\$418	\$0	\$0
Other General Expenses	\$0	\$11,960	\$0	\$0	\$0
Payments in Lieu of Taxes	\$4,664	\$0	\$20,452	\$0	\$0
Interest on Notes Payable	\$0	\$0	\$95,618	\$0	\$0
Bad Debt-Tenant Rents	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$2,744,826	\$1,081,329	\$440,627	\$0	\$0
Excess Operating Revenue over Operating Expenses	\$1,305,791	\$7,461,566	(\$210,873)	\$0	\$0
Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0
Casualty Losses-Non-Capitalized	\$0	\$0	\$0	\$0	\$0
Housing Assistance Payments	\$0	\$7,651,391	\$0	\$0	\$0
HAP Portability In	\$0	\$13,264	\$0	\$0	\$0
Depreciation Expense	\$1,009,840	\$0	\$116,128	\$0	\$0
Total Expenses	\$3,754,666	\$8,745,984	\$556,755	\$0	\$0
Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0
Operating Transfers In (Out)	(\$28,995)	\$0	\$0	\$0	\$0
Transfers between Program and Project-In	\$0	\$0	\$0	\$0	\$0
Transfers between Project and Program-Out	\$0	\$0	\$0	\$0	\$0
Total Other Financing Sources (Uses)	(\$28,995)	\$0	\$0	\$0	\$0
Excess-Deficiency of Operating Revenue Over (Under)	\$266,956	(\$203,089)	(\$327,001)	\$0	\$0
Beginning Equity	\$20,429,420	\$1,745,103	\$2,505,149	\$0	\$0
Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0
Unit Months Available	5,472	33,978	1,368	\$0	\$0
Number of Unit Months Leased	639	12,281	314	\$0	\$0

14.PHC Public Housing CARES Act Funding	14.CCC Central Office Cost Ctr CARES Act	14.IKE DHAP- like	14.856 Lower Income Section 8 Mod Rehab MR002/MR003	Total	6.1 Component Unit Discretely Presented	
\$0	\$0	\$0	\$0	\$356,664	\$0	\$356,664
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$356,664	\$0	\$356,664
\$0	\$0	\$0	\$255,419	\$11,233,852	\$0	\$11,233,852
\$0	\$0	\$0	\$0	\$314,329	\$0	\$314,329
\$0	\$0	\$0	\$0	\$177,793	\$0	\$177,793
\$0	\$0	\$0	\$0	\$208,008	\$0	\$208,008
\$0	\$0	\$0	\$0	\$100,597	\$0	\$100,597
\$0	\$0	\$27,686	\$9,803	\$416,896	\$115,567	\$532,463
\$0	\$0	\$0	\$0	\$201,231	\$0	\$201,231
\$0	\$0	\$0	\$220	\$21,788	\$0	\$21,788
\$0	\$0	\$0	\$0	\$85,236	\$261,353	\$346,589
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$405	\$405	\$0	\$405
\$0	\$0	\$27,686	\$265,847	\$13,116,799	\$376,920	\$13,493,719
\$0	\$0	\$0	\$30,392	\$904,875	\$0	\$904,875
\$0	\$0	\$5,546	\$7,271	\$360,170	\$0	\$360,170
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$16,279	\$374,035	\$0	\$374,035
\$0	\$0	\$0	\$5,916	\$208,008	\$0	\$208,008
\$0	\$0	\$0	\$0	\$16,967	\$0	\$16,967
\$0	\$0	\$0	\$0	\$525	\$0	\$525
\$0	\$0	\$0	\$0	\$467,018	\$11,357	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$59,877	\$2,172	\$62,049
\$0	\$0	\$0	\$0	\$73,878	\$37,033	\$110,911
\$0	\$0	\$0	\$0	\$7,372	\$403	\$7,775
\$0	\$0	\$0	\$0	\$319,997	\$0	\$319,997
\$0	\$0	\$0	\$0	\$56,907	\$395	\$57,302
\$0	\$0	\$0	\$0	\$153,792	\$49,045	\$202,837
\$0	\$0	\$0	\$0	\$171,024	\$0	\$171,024
\$0	\$0	\$0	\$0	\$738,305	\$48,210	\$786,515
\$0	\$0	\$0	\$0	\$220,407	\$0	\$220,407
\$0	\$0	\$0	\$267	\$28,095	\$0	\$28,095
\$0	\$0	\$0	\$508	\$39,015	\$6,179	\$45,194
\$0	\$0	\$0	\$0	\$11,960	\$0	\$11,960
\$0	\$0	\$0	\$0	\$25,116	\$0	\$25,116
\$0	\$0	\$0	\$0	\$95,618	\$0	\$95,618
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$5,546	\$60,633	\$4,332,961	\$154,794	\$0
\$0	\$0	\$22,140	\$205,214	\$8,783,838	\$222,126	\$9,005,964
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$191,082	\$7,842,473	\$0	\$7,842,473
\$0	\$0	\$0	\$0	\$13,264	\$0	\$13,264
\$0	\$0	\$0	\$0	\$1,125,968	\$20,769	\$1,146,737
\$0	\$0	\$5,546	\$251,715	\$13,314,666	\$175,563	\$13,490,229
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	(\$28,995)	\$0	(\$28,995)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	(\$28,995)	\$0	(\$28,995)
\$0	\$0	\$22,140	\$14,132	(\$226,862)	\$201,357	(\$25,505)
\$0	\$0	\$589,729	\$292,600	\$25,562,001	\$7,068,006	\$32,630,007
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
			360	41,178		
			196	13,430		

**Housing Authority of The City of Lake Charles**  
**Lake Charles, Louisiana**  
Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer  
For the Year Ended September 30, 2023

Expenditure Purpose

Salary	\$ 132,571
Benefits-Health Insurance	5,826
Benefits-Retirement	11,484
Cell Phone	918
Travel (including per diem and advances)	<u>1,022</u>
Total Compensation, Benefits and Other Payments	\$ <u>151,821</u>

Agency Head: S. Benjamin Taylor, Chief Executive Officer

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 Lake Charles  
Lake Charles, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Housing Authority of the City of Lake Charles, as of and for the year ended September 30, 2023, and the related notes to the financial statements, and have issued my report thereon dated March 9, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Housing Authority of the City of Lake Charles's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Lake Charles's internal control. Accordingly, I do not express an opinion on the effectiveness of Housing Authority of the City of Lake Charles's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, there was a significant deficiency that is required to be reported under *Government Auditing Standards* and is reported on the accompanying Schedule of Findings and Questioned Costs (page # 53) as item 2023-001. *Government Auditing Standards* require the auditor to perform limited procedures on The Housing Authority of Lake Charles's response to the noncompliance finding identified. The Housing Authority of Lake Charles's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

## **Report on Compliance and Other Matters**

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

## **Purpose of This Report**

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

*William V. Trimm, CPA*  
*Trimm Consulting, APAC*  
March 9, 2024

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

Board of Commissioners  
Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

I have audited Housing Authority of the City of Lake Charles's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of Lake Charles's major federal programs for the year ended September 30, 2023. Housing Authority of the City of Lake Charles's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Housing Authority of the City of Lake Charles complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Housing Authority of the City of Lake Charles and the meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Housing Authority of the City of Lake Charles's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Housing Authority of the City of Lake Charles's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Housing Authority of the City of Lake Charles's compliance based on my audit.

Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Housing Authority of the City of Lake Charles's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Housing Authority of the City of Lake Charles's compliance with the compliance requirements referred to above and performing such other procedures as I consider necessary in the circumstances.
- Obtain an understanding of Housing Authority of the City of Lake Charles's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Lake Charles's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weakness in internal control over compliance that I identified during the audit.

#### ***Other Matters***

*Government Auditing Standards* requires the auditor to perform limited procedures on Housing Authority of the City of Lake Charles's response to the noncompliance findings identified in my audit described in the accompanying schedule of findings and questioned costs. Housing Authority of the City of Lake Charles's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

#### **Report on 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 a 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 charges with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weakness, as defined above. However, material weakness or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

It is intended for the information and use of the Board, management, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

*William V. Trimm, CPA*  
Trimm Consulting, APAC

March 9, 2024

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2023

Federal Grantor/Pass-through Grantor/Program Name	Assistance Listing#	Grant Number	Grants	
			Receipts	Expenses
Department of HUD				
PHA Owned Housing	14.850	FW-1132	\$ 1,749,777	\$ 1,749,777
Capital Grant(s)	14.872		794,911	794,911
HCV Cares Act Funding ARRA-Cap	14.HCC		-	-
Public housing Cares Act	14.PHC		-	-
Sect. 8 Mod. Rehabilitation	14.856	FW-2074	255,419	255,419
Disaster Housing Asst. Grant	97.109		-	-
Sect. 8 Housing Choice Vouchers	14.871	FW-2228V	<u>8,433,745</u>	<u>8,433,745</u>
			Total	<u>\$ 11,233,852</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to the Schedule of Federal Financial Assistance

For the Year Ended September 30, 2023

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of all federal awards programs of the Housing Authority of The City of Lake Charles (the Authority). The Authority's reporting entity is defined in Note 1 of the notes to the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

**Note 2 - Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority's basic financial statements. The entity did not elect to use the 10 percent de-minimus indirect rate.

**Note 3 – Relationship to Basic Financial Statements**

Federal awards revenues are reported in the Authority's basic financial statements as follows:

<u>Federal Sources</u>	<u>Amount</u>
General	\$ 2,544,688
Section 8	<u>8,689,164</u>
	<u>\$ 11,233,852</u>

**Note 4 – Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

**Note 5 - Sub-recipients**

There were no awards passed through to sub-recipients.

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

SCHEDULE OF FINDINGS & QUESTIONED COSTS

For the Year Ended September 30, 2023

**SECTION I- Summary of Auditor's Results**

*Financial Statements*

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

A significant deficiency disclosed during the audit of the financial statements is reported in the audit report. No material weaknesses are reported.

**Internal Control over financial reporting:**

- Material weakness(es) identified?    \_\_\_ yes     x  none reported
- Significant deficiency(ies) identified?     x  yes    \_\_\_ none reported

**Noncompliance material to financial statements noted?**

\_\_\_ yes     x  no

*Federal Awards*

**Internal control over major programs:**

- Material weakness(es) identified?    \_\_\_ yes     x  none reported
- Significant deficiency(ies) identified?    \_\_\_ yes     x  none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance    \_\_\_ yes     x  no

Identification of major programs:

- AL# 14.871 Section 8 Housing Choice Voucher Program
- AL# 14.850 PHA Owned – Low Rent Public Housing
- AL# 14.872 Capital Fund Public Housing (CFP)

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

Auditee qualified as low-risk auditee?     x  yes    \_\_\_ no

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Year Ended September 30, 2023

**Section II-Financial Statement Findings**

**RAD-Rental Assistance Demonstration-Management**

**Significant Deficiency**

**Finding 2023-001-** Prior to the completion of the audit for the period ending 9/30/23 it was brought to the auditor's attention by the LA Legislative Auditor's office that a complaint had been filed. A tenant(TF) of LCHA was bragging to multiple person's how she was "getting over on the government" by not properly reporting the income that she was earning. We have been told that the illegal activity occurred on 5-13-23, but the auditor was just notified on 3-13-24.

**Condition:** During the tenant (TF)housing review and application process a tenant did not properly disclose all of her sources of income. This is an act of fraud.

**Criteria:** While interviewing tenants as it relates to their housing needs there must be a determined effort to account for all sources of income. That includes the EIV (enterprise income verification) system. It also includes the tenant being forthright in the interview to make sure that all income sources are presented to the interviewer by the tenant. The tenant's (TF) income was not in last year's EIV so there was no reason to believe that she was working. It is expected that people who are seeking housing assistance will be honest in their efforts to provide LCHA current and accurate information.

**Cause:** The tenant in question (TF) was not employed at the time of her interview but subsequently started working again. She did not report the change to LCHA.

**Effect:** The failure of the tenant (TF) to inform LCHA of the change to her employment status caused her to receive tenant benefits of at least \$10,125. We were notified that the illegal activity first occurred on or about 5-13-23 but we only got notification of the complaint on 3-13-24. Had we been notified earlier the loss of \$10,125 would have been mitigated.

**Context:** The interview team follows the procedures in place for verification of income. The tenant's (TF) interview and EIV process determined that the tenant was not working. The re-verification of the relevant information, to include income sources, occurs annually so it is difficult to un-cover when a tenant is committing fraud.

**Recommendation:** There was not a break down in the internal control in this particular situation. If a person tries hard enough they might eventually get "around the system". There is an expectation that applicants will be honest in their efforts to get housing assistance. A discussion needs to be held with HUD to determine if there should be semi-annual file reviews as opposed to the annual reviews that take place now. This might allow for earlier detections of issues such as this one. The EIV systems runs about 6 months to one full year behind now so this whole EIV system verification is a problem in and of itself.

**Management's Response:** LCHA is in the process of contacting the tenant (TF) who committed the fraud. She will be notified that she now owes "subsidy" back for failure to report income and must go in to a "repayment agreement" to payback the \$ 10,125 that she fraudulently obtained. Also, because this tenant (TF) was a "zero-rent" payer LCHA will begin reviewing "zero-rent payers" on a 30 to 60 day basis.

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Year Ended September 30, 2023

**Section III-Findings and Questioned Costs for Federal Awards**

None.

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Year Ended September 30, 2023

**Section IV-Schedule of Prior Year Findings & Questioned Costs**  
**For the year ended September 30, 2022**

Department of Housing & Urban Development  
AL# 14.850 Low Rent Public Housing

**SIGNIFICANT DEFICIENCY**

**Finding 2022-001:** During the current audit period two LCHA computers were hacked.

**Condition:** Computers were hacked. Emails were accessed. Tenant information was accessed. The information accessed included, but was not limited to, social security numbers, financial account information, driver's license numbers and passport information. There were more than 6,000 tenants affected.

**Criteria:** There must be effective control over the access of computer data to include, but not limited to, emails.

**Cause:** There was a lack of data security in place to ensure that the LCHA computer data could not be accessed by outside parties.

**Effect:** This failure allowed hackers to gain access to sensitive LCHA tenant information.

**Context:** As part of the audit process, the minutes of the BOD meeting are reviewed. One of the items in the board meeting minutes highlighted the fact that the LCHA had been hacked in August of 2022. Computer hackers accessed sensitive tenant information. Details of the hacking incident note that once the hack was discovered a legal team of forensic experts was hired and a privileged forensic investigation of the incident ensued. A call center was set up for tenant inquiries. The legal team hired submitted state regulatory notices to (11) states. Credit monitoring was set up with Experian and will be available to affected tenants for one year.

**Recommendation:** I recommend that a full review of data security take place. A plan must be put in place to mitigate the efforts of future hackers. Sensitive LCHA information must be protected.

**Management's Response:** Since the incident occurred, a 3<sup>rd</sup> party authentication application has been downloaded to employee's phones. In order to login to Microsoft programs the computer being accessed will send out a notification to ensure that access is legitimately verified before allowing that access. In addition, quarterly reviews of data security will be conducted with the outside data security company to stay abreast of current data security issues.

**Current Status:** The new controls have been implemented and there have been no further computer hacking issues.

Housing Authority of the City of Lake Charles

**Corrective Action Plan**

March 9, 2024

**RAD-Rental Assistance Demonstration-Management**

The Housing Authority of the City of Lake Charles respectfully submits the following corrective action plan for the year ended 9/30/23.

Auditor-Trimm Consulting, APAC 2516B Westwood Rd. Westlake, La. 70669

Audit Period: Year ended September 30, 2023

Finding-Financial Statement Audit

**SIGNIFICANT DEFICIENCY**

**Finding 2023-001** A tenant of LCHA was found to have been withholding relevant sources of income from LCHA. This act of fraud caused the tenant (TF) to receive rental assistance that she was not entitled to.

**Recommendation** There is an expectation that applicants will be honest in their efforts to get housing assistance. The EIV-enterprise income verification system was used but it is only reviewed on an annual basis. The tenant gained employment after the information was accessed via EIV and did not update LCHA about her employment status.

**Action Taken**: The Housing Authority of the City of Lake Charles agrees with the finding. But there is a crack in the EIV system that allowed this fraud to go unchecked. LCHA is in the process of contacting the tenant (TF) who committed the fraud. She will be notified that she now owes "subsidy" back for failure to report income and must go into a "repayment agreement" to pay back the \$10,125 in rental assistance that she fraudulently obtained. Also, because the tenant (TF) was a "zero-rent" payer LCHA will begin reviewing "zero-rent" payers on a 30-60 day basis to try to avoid this situation occurring in the future.

Sincerely ,



S. Benjamin Taylor CEO

Housing Authority of The City of Lake Charles

*Trimm Consulting, APAC*

1901 Sampson Street

Westlake, LA. 70669

(337)478-0993

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED September 30, 2023**

**To The Governing Board of The Housing Authority of the City of Lake Charles** and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The Housing Authority of Lake Charles' management is responsible for those C/C areas identified in the SAUPs.

The Housing Authority of Lake Charles has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2022 through September 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

## Louisiana Legislative Auditor-Statewide Agreed-Upon Procedures

### Written Policies and Procedures:

**1) Procedure:** Obtain the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations: a.) Budgeting Policies and Procedures; b.) Purchasing Policies and Procedures; c.) Disbursement Policies and Procedures; d.) Receipts/Collections Policies and Procedures; e.) Payroll/Personnel Policies and Procedures; f.) Contracting Policies and Procedures; g.) Credit Card, Debit Card, etc. Policies and Procedures; h.) Travel and Expense Reimbursement Policies and Procedures; i.) Ethics Policies and Procedures; j.) Debt Service Policies and Procedures  
k.) Information Technology Disaster Recovery/Business Continuity; l.) Sexual Harassment

#### **a. Budgeting Policies and Procedures**

**Result:** The organization provided current written Budgeting Policies and Procedures that address adopting, monitoring, and amending the budget.

#### **b. Purchasing Policies and Procedures**

**Result:** The organization provided current written Purchasing Policies and Procedures including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

#### **c. Disbursements Policies and Procedures**

**Result:** The organization provided current, written Disbursement Policies and Procedures that address the processing, reviewing, and approving of disbursements

#### **d. Receipts/Collections Policies and Procedures**

**Result:** The organization provided current, written Receipt Policies and Procedures that address the receiving, recording, and preparing of deposits. Also included was management's actions to determine the completeness of all collections for each type of revenue fund additions.

#### **e. Payroll/Personnel Policies and Procedures**

**Result:** The organization provided current, written Payroll/Personnel Policies and Procedures that include (1) payroll processing, and (2) reviewing and approving time and attendance records including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

#### **f. Contracting Policies and Procedures**

**Result:** The organization provided current written Contracting Policies and Procedures addressing the following: 1) types of services requiring written contracts, 2) standard terms and conditions, 3) legal review, 4) approval process, and 5) monitoring process.

**g. Credit Card /Debit Card Policies and Procedures**

**Result:** The organization provided current written Credit Card/Debit Card Policies and Procedures including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

**h. Travel and Expense Reimbursement Policies and Procedures**

**Result:** The organization did provide current written Travel and Expense Reimbursement Policies and Procedures including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

**i. Ethics Policies and Procedures**

**Result:** The organization provided current written Ethics Policies and Procedures including (1) the prohibitions as defined in Louisiana Revised Statute 42: 1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

**j. Debt Service Policies and Procedures**

**Result:** The organization provided current written Debt Service Policies and Procedures including (1) debt issuance approval, (2) continuing disclosure/ EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**k. Information Technology Disaster Recovery/Business Continuity Policies and Procedures**

**Result:** The organization provided current written Information Technology Disaster Recovery/Business Continuity Policies and Procedures including, (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**l. Prevention of Sexual Harassment Policies and Procedures**

**Result:** The organization provided current and written Sexual Harassment Policies and Procedures that include R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Board (or Finance Committee, if applicable)**

**2.) Procedure:** Obtain and inspect Board/Finance Committee Minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**Result:** The organization did meet monthly (with a quorum).

- b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

**Result:** The board minutes indicate that financial statements / budgets (that included all major/non-major programs) were included as part of the BOD meeting subjects for discussion.

- c. **Procedure:** Obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Result:** The Unrestricted fund balance was not negative.

### **Bank Reconciliations**

**3.) Procedure:** Obtain a listing of entity bank accounts for the fiscal year from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts. Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for the selected accounts, and observe that:

- a. Bank Reconciliations include evidence that they were prepared within 2 months of the related statement closing date.

**Result:** (5) of the (12) bank reconciliations for the audit period were selected. All (5) of the bank reconciliations were completed timely.

- b. Bank reconciliations include written evidence that a member of management or a board member who does not handle, cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g. initialed and dated or electronically logged)

**Result:** The bank reconciliations are prepared by an accountant at LCHA and forwarded to the fee-paid accountant. The staff accountant initials off on the bank reconciliations after review.

c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Result:** Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than (12) months.

### Collections

**4.) Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

**Result:** List of deposits sites obtained.

**5.) Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each job site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each location such that:

a. Employees responsible for cash collections do not share cash drawers/registers.

**Result:** Employees do not share cash drawers/registers as cash is no longer an acceptable form of payment.

b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

**Result:** No exception noted.

c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

**Result:** No exception noted.

d. The employee(s) responsible for reconciling cash collections to the general ledgers and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**Result:** No exception noted.

**6.) Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

**Result:** There are 2 people responsible for collections at the main headquarters of the LCHA. All of the parties involved are bonded. Cash is not accepted as a form of payment.

### **Collections (Continued)**

**7.) Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure # 3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the 10 deposits and:

- a. Observe that receipts are sequentially numbered. **Results:** No exceptions noted.
- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. **Results:** No exceptions noted.
- c. Trace the deposit slip total to the actual deposit per the bank statement. **Results:** No exceptions noted.
- d. Observe that the deposit was made within one business day of receipt at the collection locations. **Results:** No exceptions noted.
- e. Trace the actual deposit per the bank statement to the general ledger. **Results:** No exceptions noted.

### **Non-Payroll Disbursements-General (excluding card purchases/ payments, travel reimbursements, and petty cash purchases)**

**8.) Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations.

**Result:** Only one location processes payments. No exceptions noted.

**9.) Procedure:** For each location selected under # 8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties and observe that job duties are properly segregated such that:

- a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order making the purchase. **Result:** No exceptions noted.
- b. At least two employees are involved in processing and approving payments to vendors. **Result:** No exceptions noted.
- c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files. **Result:** No exceptions noted.

d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Result:** No exceptions noted.

e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

**Result:** No exceptions noted.

**10.) Procedure:** For each location selected under # 8 above, obtain the entity's non-payroll disbursement transaction population and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.

**Results:** No exceptions noted.

b. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** No exceptions noted.

**11.) Procedure:** Using the entity's main operating account and the month selected in Bank Reconciliations above, randomly select (5) non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g. sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

**Results:** Electronic payments to the client's major insurance supplier reviewed. No exceptions noted.

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

**12. ) Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Result:** No exceptions noted.

**13.) Procedure:** Using the listing prepared by management, randomly select 5 cards (or all if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a. **Procedure:** Observe whether there is evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

**Result:** There is evidence that the monthly statement and supporting documentation was reviewed and approved by someone other than the authorized card holder.

- b. **Procedure:** Observe that finance charges and late fees were not assessed on the selected statements.

**Result:** No finance charges and/or late fees were assessed on the selected statements.

**14.) Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement and obtain supporting documentation for all transactions. For each transaction, observe that it is supported by (1) an itemized receipt that identifies precisely what was purchased, (2) written documentation of the business /public purpose, and (3) documentation of the individuals participating in meals, if applicable.

**Result:** All credit card monthly statements were reviewed. 1.) Receipts identifying precisely what was purchased was part of the support attached, 2.) identification of the business purpose was noted, and 3.) N/A.

#### **Travel and Expense Reimbursement**

**15.) Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period. Obtain management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement as well as the supporting documentation. For each of the 5 reimbursements selected:

- a. If reimbursed using a per diem, agree the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration. **Result:** No exceptions noted.
- b. If reimbursed using actual costs, observe that the reimbursement is supported by original itemized receipts that identify precisely what was purchased. **Result:** No exceptions noted.
- c. Observe each reimbursement is supported by documentation of the business/public purpose and other documentation required by written policy. **Result:** No exceptions noted.
- d. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. **Result:** No exceptions noted.

## Contracts

**16.) Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete.

Randomly select 5 contracts, excluding the practitioner's contract, and;

a. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

**Result:** Only 3 contracts were initiated. These 3 contracts were selected. No exceptions noted.

b. Observe whether the contract was approved by the governing body/board, if required by policy or law.

**Result:** 3 contracts were selected. No exceptions noted.

c. If the contract was amended, observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

**Results:** 3 contracts selected. No exceptions noted.

d. Randomly select one payment from the fiscal period for each of the 3 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract. **Results: 3** contracts selected. No exceptions noted.

## Payroll and Personnel

**17.) Procedure:** Obtain a listing of employees and officials during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Result:** Listing obtained.

**18.) Procedure:** Randomly select one pay period during the fiscal period. For the 5 employee/officials selected under # 16 above, obtain attendance records and leave documentation for the pay period, and:

a. Observe all selected employee or officials documented their daily attendance and leave.

**Results:** The date August 15, 2023, was randomly chosen. 5 employees were selected. All attendance and leave was documented.

b. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

**Results:** Supervisor approval noted in attendance records.

c. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**Results:** Leave accrued or taken is reflected in the entity's cumulative leave records.

d. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within personnel file.

**Result:** Rate paid agrees to the authorized salary/pay rate found within personnel file.

**19.)** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's cumulative leave records, agree pay rates to the employee or official's authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

**Results:** Records of terminated employees were reviewed. No exceptions noted.

**20.)** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, and worker's compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** It is management's position that all payments and forms noted in Item # 19 have been paid and/or file by required deadlines.

## **Ethics**

**21.)** Using the 5 randomly selected employees/officials from procedure # 17 under "Payroll and Personnel" above, obtain ethics documentation from management and:

a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

**Results:** The entity had documented proof that ethics classes were attended by all 5 employees selected.

b. Observe whether the entity maintains documentation demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Result:** No exceptions noted.

### Debt Service

22.) N/A

23.) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

**Result:**

The entity had outstanding debt during the fiscal period. The entity made scheduled debt service payments. There are no debt covenants that relate to the debt.

### Fraud Notice

24.) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Result:** There was one incident of misappropriation of assets during the fiscal period. The information relevant to the incident is described in full in the AUP working papers.

25.) Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Result:** The organization has posted on its premises and on its website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, or abuse of public funds.

### Information Technology Disaster Recovery/Business Continuity

26.) Perform the following procedures, **verbally discuss the results with management, and report "I performed the procedure and discussed the results with management."**

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium, observe evidence that backups are encrypted before being transported.

**Result:** I have performed the procedure and discussed the results with management.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored and observe evidence that the test/verification was successfully performed within the past 3 months.  
**Result:** I have performed the procedure and discussed the results with management.
- c. Obtain a listing of the entity's computer currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor. **Result:** I have performed the procedure and discussed the results with management.

27.) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure above. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Result:** Terminated employees have been removed from the network.

28.) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure # 17 above, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42: 1267. The requirements are as follows:

- Hired before June 9, 2020-completed the training; and
- Hired on or after June 9, 2020-completed the training within 30 days of initial service or employment

**Result:** Cybersecurity training certificates for the 5 randomly selected employees were reviewed. No exceptions noted.

### **Sexual Harassment**

29.) Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

**Result:** Each of the 5 employees/officials selected completed at least one hour of sexual harassment training during the calendar year.

30.) Observe the entity has posted its sexual harassment procedure and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

**Result:** The entity has posted its sexual harassment procedure and complaint procedure on its website.

31.) Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S.42:42:344:

- a. Number and percentage of public servants in the agency who have completed training requirements;
- b. Number of sexual harassment complaints received by the agency;
- c. number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

**Result:** A sexual harassment report was filed for the current fiscal period.

I was engaged by the Housing Authority of Lake Charles to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the Housing Authority of Lake Charles and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

The report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,

*William V. Trimm, CPA*

Trimm Consulting, APAC

March 9, 2024

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Governmental Agencies)**

January 25, 2024 (Date Transmitted)

Trimm Consulting APAC (CPA Firm Name)  
1901 W. Sampson Street (CPA Firm Address)  
Westlake, LA 70669 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of September 30, 2023 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

**Public Bid Law**

It is true that we have complied with the state procurement code (R.S. 39:1551 – 39:1755); the public bid law (R.S. 38:2211-2296), and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes  No  N/A

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes  No  N/A

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes  No  N/A

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes  No  N/A

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes  No  N/A

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes  No  N/A

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes  No  N/A

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes  No  N/A

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes  No  N/A

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes  No  N/A

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes  No  N/A

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes  No  N/A

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes  No  N/A

**Prior-Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes  No  N/A

**General**

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes  No  N/A

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes  No  N/A

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes  No  N/A

We have provided you with all relevant information and access under the terms of our agreement.

Yes  No  N/A

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes  No  N/A

We are not aware of any material misstatements in the information we have provided to you.

Yes  No  N/A

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose

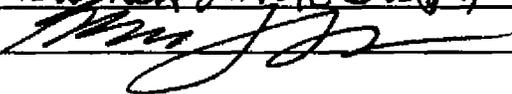
to you any such communication received between the end of the period under examination and the date of your report.

Yes  No  N/A

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes  No  N/A

The previous responses have been made to the best of our belief and knowledge.

	Chair	<u>January 25, 2024</u> , Date
<u>Earnest L. McCarty, Jr.</u>	Vice Chair	<u>January 25, 2024</u> , Date
	Secretary	<u>January 25, 2024</u> , Date