

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

**Financial Statements
And Supplementary Information**

For the Year Ended September 30, 2020

Trimm Consulting, APAC
1901 Sampson Street
Westlake, La. 70669

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

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For the Year Ended September 30, 2020

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Trimm Consulting, APAC

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Independent Auditor's Report

Board of Commissioners
Housing Authority of The City
of Lake Charles
Lake Charles, Louisiana 70601

Regional Inspector General for Audit
Department of Housing and Urban
Development
221 W. Lancaster Street, P.O. Box 2905
Fort Worth, Texas 76113

I have audited the accompanying basic 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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2020, and the changes in financial position and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have issued my report dated May 21, 2021 on my consideration of the Housing Authority of The City of Lake Charles' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards in considering the Housing Authority of Lake Charles' internal control over financial reporting and compliance*.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 5-10, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my 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.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying *Statement & Certification of Actual Modernization Cost*, page 34, *Financial Data Schedule*, pages 35-38 and the *Schedule of Compensation, Benefits and Other Payments to the CEO*, page 39, are presented for purposes of additional analysis and are not a required part of the financial statements. The *Schedule of Expenditures of Federal Awards*, page 45, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

William V. Trimm, CPA Trimm Consulting, APAC May 21, 2021

Housing Authority of the City of Lake Charles, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2020

(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, 2020. 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, 2020 by \$27,790,173.
- Of this amount, \$18,285,986 of unrestricted net position may be used to meet the Housing Authority's ongoing obligations to citizens and creditors.
- The remainder of \$ 9,504,187 represents the net amount invested in land, building, furnishings, leasehold improvements, and equipment of \$ 8,675,571 and restricted cash and investments of \$ 828,616.
- The Housing Authority's total net position increased by \$ 201,078, a .72% increase from fiscal year 2019.

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, 2020

(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, 2020
(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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current Assets	\$ 11,528,648	\$ 11,266,211
Restricted Assets	2,155,549	596,569
Long-Term Assets	15,649,600	6,123,156
Fixed Assets	<u>11,852,129</u>	<u>14,772,432</u>
Total Assets	<u>\$ 41,185,926</u>	<u>\$ 32,758,368</u>
Current Liabilities	\$ 2,565,787	\$ 1,452,945
Current liabilities payable for restricted assets	179,631	211,626
Non-current Liabilities	<u>10,650,335</u>	<u>4,957,647</u>
Total Liabilities	<u>13,395,753</u>	<u>5,169,273</u>
Net Position:		
Invested in capital assets	8,675,571	11,363,801
Restricted net position	828,616	272,539
Unrestricted net position	<u>18,285,986</u>	<u>15,952,755</u>
Total Net Position	<u>27,790,173</u>	<u>27,589,095</u>
Total Liabilities and Net Position	<u>\$ 41,185,926</u>	<u>\$ 32,758,368</u>

continued

**Housing Authority of The City of Lake Charles, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2020
(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 \$27,790,173 at September 30, 2020 and \$27,589,095 at September 30, 2019.

The Housing Authority's investments in capital assets (e.g. buildings, machinery, and equipment) account for 31.21 % 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Dwelling rental and other	\$ 2,211,186	\$ 2,798,300
Interest Earnings	263,258	221,150
Federal grant	<u>11,047,824</u>	<u>10,627,016</u>
Total Operating Revenues	13,522,268	13,646,466
Operating Expenses		
Administration	926,030	669,924
Salaries	1,088,785	1,567,082
Employee Benefits	458,918	702,357
Tenant service	23,808	732
Utilities	269,544	465,021
Ordinary maintenance and operations	1,036,668	1,210,554
Loss on disposition of assets	279,440	0
Protective services	0	21,465
General expenses	148,699	303,066
Interest expense	122,952	127,853
Insurance	862,329	885,464
Housing assistance payments	7,401,591	6,747,799
Depreciation	<u>1,026,468</u>	<u>1,534,767</u>
Total Operating Expenses	<u>13,645,232</u>	<u>14,236,084</u>

continued

Housing Authority of The City of Lake Charles, Louisiana

Management's Discussion and Analysis (MD&A) (Un-audited)
September 30, 2020

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

	<u>2020</u>	<u>2019</u>
Net Income (Loss) before Capital Contributions and Transfers	(122,964)	(589,618)
Capital Contributions and Transfers	<u>324,042</u>	<u>(4,961,214)</u>
Net increase (decrease) in net position	<u>\$ 201,078</u>	<u>\$ (4,371,596)</u>

The net position of the Housing Authority increased by \$ 201,078 and decreased by \$ 4,371,596 during the years ended September 30, 2020 and 2019 respectively. The Housing Authority's revenues are derived primarily from dwelling rental income and various HUD programs.

SIGNIFICANT CHANGES BETWEEN FY 2020 and FY 2019

The Lake Charles Housing Authority (LCHA) had a successful year during this audit period, even with the COVID-19 epidemic. That is, until the week of August 27, 2020 when Hurricane Laura made landfall. Hurricane Laura, was a Presidentially declared disaster (DR-4559: LA). It was a category 4 hurricane which made landfall approximately 30 miles south of Lake Charles. The eye passed right over Lake Charles. This event was followed by Hurricane Delta, also a Presidentially declared disaster (Dr-4570:LA), 6 weeks later. These storms have set the Lake Charles Housing Authority back as far as its mission.

During the time proceeding the storm our operations were going well. Occupancy, maintenance, HCV, and Administration were where we should have been. Our latest RAD development CCM, our 4th and most ambitious RAD development, was, like all of our properties, severely damaged. The development was 6 months ahead of the construction schedule.

Immediately after the week of August 27, 2020 our Public housing occupancy has dropped from 95% to 42% and has remained constant.

Likewise, our Tax Credit properties suffered just like our Public Housing. Our conventional property Greinwich Village Homes, suffered like the two above programs going from 95% occupancy to 39%.

Our LCHA Housing Choice Voucher program was on our normal high-performance track until the storm. Our utilization rate was 57%, as of the end of the audit period it was at 32%. We have requested and received waivers from HUD for all of the above programs.

The LCHA SMSA was experiencing a critical shortage of Affordable Housing prior to the storms due to the dramatic increase in energy-related construction. It has become worse now due to the storms because of the fact that 44,000 housing units were damaged by Hurricanes Laura and Delta. The tenant-related activities have come to a halt after the storms due to a lack of facilities, residents, and volunteers in the area.

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

September 30, 2020

(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2020, the Housing Authority's investment in capital assets for its business-type activities was approximately \$ 11,852,129 (net of accumulated depreciation) compared to \$ 14,772,432 as of September 30, 2019, a decrease of \$ 2,920,303 or 19.76%.

	<u>2020</u>	<u>2019</u>
Land	\$ 2,246,850	\$ 2,246,850
Buildings and Improvements	33,945,027	51,147,424
Furniture, equipment and machinery	1,007,795	1,307,245
Accumulated Depreciation	<u>(25,347,543)</u>	<u>(39,929,087)</u>
Total	<u>\$ 11,852,129</u>	<u>\$ 14,772,432</u>

Debt

Non-current liabilities include accrued annual vacation and sick leave 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 2020/2019.

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, 2020

ASSETS	General	Section 8	Management	Elimination	Total Primary Government
Current assets					
Cash	\$ 1,712,312	\$ 457,091	\$ 528,510	\$ -	\$ 2,697,913
Investments	4,187,598	2,682,785	118,037	-	6,988,420
Accrued interest receivable	4	-	8	-	12
Accounts receivable, net	230,731	108,888	70,873	-	410,492
Interfund receivable	948,190	50,907	-	-	999,097
Inventory	69,989	-	8,249	-	78,238
Prepaid items and other assets	274,006	25,811	54,659	-	354,476
Total current assets	<u>7,422,830</u>	<u>3,325,482</u>	<u>780,336</u>	<u>-</u>	<u>11,528,648</u>
Restricted assets					
Cash-restricted	-	1,248,130	727,788	-	1,975,918
Security deposits	143,750	-	35,881	-	179,631
Investments - restricted	-	-	-	-	-
Total restricted assets	<u>143,750</u>	<u>1,248,130</u>	<u>763,669</u>	<u>-</u>	<u>2,155,549</u>
Capital assets, net					
Land	1,547,059	-	699,791	-	2,246,850
Buildings and equipment, net	5,624,524	1,271	3,979,484	-	9,605,279
Total capital assets, net	<u>7,171,583</u>	<u>1,271</u>	<u>4,679,275</u>	<u>-</u>	<u>11,852,129</u>
Notes, Loans & Mtgs. Receivable	<u>14,848,600</u>	<u>-</u>	<u>801,000</u>	<u>-</u>	<u>15,649,600</u>
Total Notes, Loans & Mtgs. Receivable	14,848,600	-	801,000	-	15,649,600
Other assets	-	-	-	-	-
Total non-current assets	<u>22,163,933</u>	<u>1,249,401</u>	<u>6,243,944</u>	<u>-</u>	<u>29,657,278</u>
TOTAL ASSETS	<u>\$ 29,586,763</u>	<u>\$ 4,574,883</u>	<u>\$ 7,024,280</u>	<u>-</u>	<u>\$ 41,185,926</u>

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, 2020

LIABILITIES AND NET POSITION	General	Section 8	Management	Elimination	Total Primary Government
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 80,430	\$ -	\$ 5,099	\$ -	\$ 85,529
Interfund payable	6,782	275,506	716,809	-	999,097
Other current liabilities	-	863	-	-	863
Unearned Revenue	-	273,575	-	-	273,575
Accts. Payable-HUD/Other Government	811,320	46,666	66,229	-	924,215
Current portion of L/T Debt	-	-	245,191	-	245,191
Current portion of compensated absences	31,675	4,548	1,094	-	37,317
Total current liabilities	930,207	601,158	1,034,422	-	2,565,787
Current liabilities payable from current restricted assets					
Deposits due others	143,750	-	35,881	-	179,631
Noncurrent liabilities					
L/T Debt-Net of Current	7,379,657	-	2,934,817	-	10,314,474
Non-current Liabilities-Other	-	-	-	-	-
Compensated absences payable	285,078	40,939	9,844	-	335,861
Total liabilities	8,738,692	642,097	4,014,964	-	13,395,753
NET POSITION					
Investment in capital assets	7,171,583	1,271	1,502,717	-	8,675,571
Restricted	-	828,616	-	-	828,616
Unrestricted	13,676,488	3,102,899	1,506,599	-	18,285,986
Net Position	20,848,071	3,932,786	3,009,316	-	27,790,173
TOTAL LIABILITIES and NET POSITION	\$ 29,586,763	\$ 4,574,883	\$ 7,024,280	\$ -	\$ 41,185,926

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 Revenues, Expenses, and Changes in Net Position
 For the Year Ended September 30, 2020

	General	Section 8	Management	Total Primary Government
OPERATING REVENUES				
Net Tenant Rental Revenue	\$ 1,121,786	\$ -	\$ 786,883	\$ 1,908,669
Other Revenue and Fees	24,347	268,555	9,615	302,517
Total operating revenues	<u>1,146,133</u>	<u>268,555</u>	<u>796,498</u>	<u>2,211,186</u>
OPERATING EXPENSES				
Administration	282,017	606,749	37,264	926,030
Salaries	863,014	475,022	69,212	1,407,248
Employee benefits	202,285	228,949	27,684	458,918
Tenant services	-	23,808	-	23,808
Utilities	264,457	-	5,087	269,544
Ordinary maintenance and operations	550,671	18,157	149,377	718,205
Insurance	677,595	45,310	139,424	862,329
Interest	-	-	122,952	122,952
Protective services	-	-	-	-
General expenses	72,345	4,369	71,985	148,699
Housing assistance payments	26,604	7,374,987	-	7,401,591
Depreciation	904,713	324	121,431	1,026,468
Total operating expenses	<u>3,843,701</u>	<u>8,777,675</u>	<u>744,416</u>	<u>13,365,792</u>
	<u>(2,697,568)</u>	<u>(8,509,120)</u>	<u>52,082</u>	<u>(11,154,606)</u>
Nonoperating revenues (expenses)				
Interest earnings	229,424	29,753	4,081	263,258
Casualty Losses	-	-	-	-
Gain (loss) on disposition of capital assets	(279,440)	-	-	(279,440)
Federal grants	2,190,636	8,857,188	-	11,047,824
Total nonoperating revenues (expenses)	<u>2,140,620</u>	<u>8,886,941</u>	<u>4,081</u>	<u>11,031,642</u>
Net income (loss) before transfers and contributions	(556,948)	377,821	56,163	(122,964)
Transfers	(23,432)	-	-	(23,432)
Capital contributions	<u>347,474</u>	<u>-</u>	<u>-</u>	<u>347,474</u>
Change in net position	<u>(232,906)</u>	<u>377,821</u>	<u>56,163</u>	<u>201,078</u>
NET POSITION AT BEGINNING OF YEAR	<u>21,080,977</u>	<u>3,554,965</u>	<u>2,953,153</u>	<u>27,589,095</u>
NET POSITION AT END OF YEAR	<u>\$ 20,848,071</u>	<u>\$ 3,932,786</u>	<u>\$ 3,009,316</u>	<u>\$ 27,790,173</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 Cash Flows

For the Year Ended September 30, 2020

	General	Section 8	Management	Total Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES				
Rental receipts	\$ 1,121,786	\$ -	\$ 786,883	\$ 1,908,669
Payments to vendors	(1,847,085)	(406,993)	(435,219)	(2,689,297)
Payments to employees	(1,065,299)	(703,971)	(96,896)	(1,866,166)
Other receipts (payments)	24,347	268,555	9,615	302,517
Payments to private landlords	(26,604)	(7,374,987)	-	(7,401,591)
Net cash provided by (used in) operating activities	(1,792,855)	(8,217,396)	264,383	(9,745,868)
	(1,792,855)	(8,217,396)	264,383	(9,745,868)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal Grants	2,190,636	8,857,188	-	11,047,824
Net cash provided by (used in) noncapital financing activities	2,190,636	8,857,188	-	11,047,824
	2,190,636	8,857,188	-	11,047,824
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	324,042	-	-	324,042
Purchase of capital assets	(838,732)	-	-	(838,732)
Net cash provided by (used in) capital and related financing activities	(514,690)	-	-	(514,690)
	(514,690)	-	-	(514,690)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	-	-	727,788	727,788
Purchase of investments	(44,238)	(28,995)	(58)	(73,291)
Interest and dividends received	229,424	29,754	4,081	263,259
Net cash provided by (used in) investing activities	185,186	759	731,811	917,756
	185,186	759	731,811	917,756
Net increase (decrease) in cash and cash equivalents	68,277	640,551	996,194	1,705,022
Cash and cash equivalents at beginning of year	1,787,785	1,064,670	295,985	\$ 3,148,440
Cash and cash equivalents at end of year	\$ 1,856,062	\$ 1,705,221	\$ 1,292,179	\$ 4,853,462

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 Cash Flows

For the Year Ended September 30, 2020

	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Total Primary Government</u>
RECONCILIATION OF OPERATING INCOME				
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (2,697,568)	\$ (8,509,120)	\$ 52,082	\$ (11,154,606)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			-	
Depreciation	904,713	324	121,431	1,026,468
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(8,283,112)	(108,888)	420,505	(7,971,495)
(Increase) decrease in interfund receivables	(907,464)	(27,233)	-	(934,697)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid items	56,643	(25,811)	25,989	56,821
(Increase) decrease in accounts payable	(72,209)	(7,426)	(82,458)	(162,093)
Increase (decrease) in other liabilities	9,234,660	200,086	(166,479)	9,268,267
Increase (decrease) in interfund payables	(29,005)	258,054	(112,848)	116,201
Increase (decrease) in compensated absences	487	2,618	6,161	9,266
Net cash provided by (used in) operating activities	<u>\$ (1,792,855)</u>	<u>\$ (8,217,396)</u>	<u>\$ 264,383</u>	<u>\$ (9,745,868)</u>
Reconciliation of cash and cash equivalents at end of year to Balance Sheet presentation:				
Cash	\$ 1,712,312	\$ 1,705,221	\$ 1,256,298	\$ 4,673,831
Security deposits	143,750	-	35,881	179,631
Cash and cash equivalents at end of year	<u>\$ 1,856,062</u>	<u>\$ 1,705,221</u>	<u>\$ 1,292,179</u>	<u>\$ 4,853,462</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, 2020

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, 2020

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) – 1984 units
Moderate Rehab (FW-2074) – 70 units

continued

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

Notes to Basic Financial Statements

September 30, 2020

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, 2020

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, 2020

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, 2020.

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, a money market account, and LAMP investments. The total of all investments was \$ 6,988,420. 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, 2020

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, 2020

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>
			2,853,107
2020	60,369	28,749	2,792,738
2021	247,688	108,787	2,545,050
2022	257,931	98,544	2,287,119
2023	268,598	87,877	2,018,521
2024	279,706	76,769	1,738,815
Thereafter	<u>1,738,815</u>		
Total	\$ 2,853,107	Total	\$ 400,726

The current portion of this debt that is due as of 9-30-20 is \$ 245,191.

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 (41st) anniversary of the date of the original loan, which will be September 11, 2055. The current note payable balance is \$ 326,901, which includes \$ 4,901 in accrued interest.

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. 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 will be amortized over the 40 year term of the note at an annual interest rate of 4 %.

continued

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

Notes to Basic Financial Statements
September 30, 2020

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, 2020

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 15 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, 2020 was \$ 4,853,462. Of this amount \$ 500,000 is totally insured by FDIC insurance. The balance of \$4,353,462 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, 2020

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 AAAM 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.

Money Market Account Balance: \$ 536,582 (insured by FDIC and pledged securities)

Louisiana Asset Management Pool Balance: The investments of \$ 6,205,750 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	9/27/20	.350%	\$ 128,049
Certificate of Deposit	11/7/20	.050%	<u>\$ 118,037</u>
Total Current			<u>\$ 246,086</u>

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, 2020

Note 3 - Accounts Receivable

The accounts receivable at September 30, 2020 are as follows:

<u>Class of Receivable</u>	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Total</u>
Tenants	\$ 137,762	-0-	42,023	\$ 179,785
A/R-Miscellaneous	65,999	432	28,850	\$ 95,281
A/R-HUD/Other Projects	<u>26,970</u>	<u>108,456</u>	<u>-0-</u>	<u>\$ 135,426</u>
Totals	\$ 230,731	\$108,888	\$ 70,873	\$ 410,492

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, 2020 consisted of prepaid insurance of \$ 354,476.

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

	<u>9/30/2019</u>			<u>9/30/2020</u>
	Cost	Additions	Dispositions	Cost
Land	\$ 2,246,850	\$ -	\$ -	\$ 2,246,850
Building and Improvements	51,147,424	-	17,202,397	33,945,027
Furniture, equip., and machinery	1,307,245	-	299,450	1,007,795
	<u>\$ 54,701,519</u>	<u>\$ -</u>	<u>\$ 17,501,847</u>	<u>37,199,672</u>
Accumulated depreciation:				
Balance 09/30/19				39,929,087
Current year depreciation				1,026,468
Current year dispositions				<u>(15,608,012)</u>
Balance 09/30/19				<u>25,347,543</u>
Capital assets, net of accumulated depreciation				<u>\$ 11,852,129</u>

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

Notes to Basic Financial Statements

September 30, 2020

Note 6 – Inter-fund Receivables/Payables

The following schedule reports receivables and payables within the reporting entity at September 30, 2020:

	<u>Receivables</u>	<u>Payables</u>
General		
Housing Choice Vouchers	948,190	6,782
	<u>948,190</u>	<u>6,782</u>
Section 8		
14.HCC HCV Cares Act	-	99,273
14.PHC Public Housing Cares	-	105,491
14.IKE	-	-
Housing Choice Vouchers	-	51,633
Moderate Rehab	50,907	19,109
	<u>50,907</u>	<u>275,506</u>
Management		
Housing Choice Vouchers	-	716,809
	<u>-</u>	<u>716,809</u>
Totals	<u>\$ 999,097</u>	<u>\$ 999,097</u>

Note 7 - Accounts Payable

The accounts payable at September 30, 2020 are as follows:

<u>Class of Payable</u>	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Total</u>
Vendors	\$ 80,430	\$ -	\$ 5,099	\$ 85,529
Accts. Payable-Other Govt.	811,320	46,666	66,229	\$ 924,215
Other Liabilities	-	863	-	\$ 863
	<u>\$ 891,750</u>	<u>\$ 47,529</u>	<u>\$ 71,328</u>	<u>\$ 1,010,607</u>

The \$ 811,320 represents funds loaned to the tax credit entities that will be paid back to HUD. HUD approved this transaction before it occurred.

Housing Authority of The City of Lake Charles
 Lake Charles, Louisiana
 Notes to Basic Financial Statements
 September 30, 2020

Note 8 – General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended September 30, 2020, which consisted of, compensated absences:

Balance, beginning	\$ 327,520
Net Changes	<u>8,341</u>
Balance, ending	<u><u>\$ 335,861</u></u>
Amounts due in one year	<u><u>\$ 37,317</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 65th birthday.

The Authority's total payroll for the year ended September 30, 2020 was \$1,407,248. The Authority's contributions were calculated using the average base salary amount of \$1,421,494. The Authority made the required contributions of \$119,183 for the year ended September 30, 2020.

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

Notes to Basic Financial Statements

September 30, 2020

Note 10 - Contingencies and Commitments

Litigation At September 30, 2020, 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.

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 \$ 7,175.

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

The Department of Housing and Urban Development provided \$ 11,395,298 to the Authority, which represents approximately 84.27% 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.

Note 14- COVID 19

During the year ended September 30, 2020, local, U.S. and world governments encouraged self-isolation to curtail the spread of the global pandemic, COVID-19 by mandating the temporary shut-down of businesses in many sectors and imposing limitations on travel and the size and duration of group meetings. While those mandates have slowly become less restrictive in some areas, most sectors are still experiencing disruption to business operations and may feel further impacts related to volatility in investment returns. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Therefore, while management expects this matter to negatively impact the Organization's operating results, the full financial impact and duration cannot be reasonably estimated at this time.

Procedures were modified based upon COVID-19 requirements. Face-to-face interactions with tenants were virtually eliminated. More tenant/landlord contact was handled through telephone and or fax contact. Covid affected tenants as well as LCHA personnel which had ramifications on occupancy as well as LCHA functions.

Note 15- Hurricane(s) Laura and Delta

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.

The main headquarters of the LCHA was severely damaged and still had not been repaired as of the issuance of this report. Many tenant homes were destroyed. Tenants had to be re-located. Make-shift air conditioning has been set-up. Computers were destroyed as well as office furniture. Internet service was disrupted until hot-spots could be put in place.

The hurricanes had and still having a devastating effect on the LCHA but as with COVID-19 procedures were put in place to continue to mission of taking care of housing needs for those tenants under the care of the Housing Authority of the City of Lake Charles.

Insurance claims have been filed. Up until the time of the issuance of this report over \$ 6,000,000 in claims have been paid out by the insurance companies. At this time the LCHA does not have an estimate of the total damages. A lack of experienced, available contractors and/or building supplies in the areas affected by the hurricanes has slowed down the re-building process.

Note 16 – Financing of Note Receivable/Related Party Transactions

In 2012 HUD approved the advancing 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	\$ 9,420,000	40 yrs	4.00%	09/30/2058
Accrued Interest	\$ 859,992			
Total Notes Receivable	<u>\$ 15,649,600</u>			

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 40th year. The discounted rate used was 4%.

Note 17 – Discrete presentation of Component Unit of LCHA

The afore-mentioned tax credit entity projects (reference in Note 16 above) were entered into with the intent of expanding the housing available to low-income persons. In its effort to expand this mission the LCHA formed a nonprofit organization called the Lake Charles Non-Profit Housing Development Corporation, LCNHDC. This non-profit organization partners with other finance sources for the purpose of developing additional housing and acts as the “developer” in the transactions. In 2019 discussions took place as to the guaranties that were provided relating to the net worth and liquidity of the organizations involved in these projects. The requirements indicated that the nonprofit’s net worth requirements were \$ 2,500,000 and its liquidity requirements were \$ 500,000. Attorneys were consulted and an analysis took place as to how best to satisfy the requirements that were put in place.

The component unit is incorporated as a not-for-profit corporation and the primary government is the sole corporate member, as identified in the component unit’s articles of incorporation or bylaws.

Income generated through the nonprofit includes commercial rental paid by LCHA to the nonprofit for the building(s) that were transferred. Interest generated from the investments transferred is also reflected in the statement of revenues, expenses and changes in net position. The sale of the 233 tenant housing units to the CCM tax credit partnership generated developer fee income \$ 2,399,186 during the current audit period.

Lake Charles Non-Profit Housing Development Corporation Lake Charles, Louisiana Component Unit Statement of Net Position September 30, 2020	Lake Charles Non-Profit Housing Development Corporation Lake Charles, Louisiana Component Unit Statement of Revenues, Expenses, and Changes in Net Position September 30, 2020
ASSETS	OPERATING INCOME
Cash and Cash Equivalents 162,761	Rental-commercial \$ 240,809
Prepaids 23,720	Developer Fee Income 2,399,186
Accounts Receivable 5,475,102	Interest-investments 58,808
Investments 810,189	Net Income \$ 2,698,703
Total current assets 6,471,752	
CAPITAL ASSETS, net	OPERATING EXPENSES
Land 570,496	Administrative \$ 11,382
Property and equipment, net of accumulated depreciation 289,040	Sundry-Hurricane expenses \$ 60,123
Total Capital Assets 839,536	Utilities \$ 48,992
TOTAL ASSETS \$ 7,311,288	Maintenance \$ 58,205
CURRENT LIABILITIES	Protective Contract Cost \$ 16,500
Accounts Payable \$ 200	Insurance \$ 44,488
Notes Payable \$ 505,977	Depreciation \$ 20,769
Total Liabilities \$ 506,177	Total Operating Expenses \$ 258,457
NET POSITION	Change in Net Position \$ 2,440,245
Restricted -	NET POSITION AT BEGINNING OF YEAR 4,364,866
Net investment in Capital Assets 839,536	
Unrestricted 5,965,575	NET POSITION AT END OF YEAR \$ 6,805,111
Net Position 6,805,111	
TOTAL LIABILITIES & NET POSITION \$ 7,311,288	

It should be noted that the financial statements presented above are presented as of the same fiscal period as the LCHA for consistency purposes.

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, 2020

1. The Actual Modernization Costs are as follows:

	<u>(2017) Capital Fund</u>	<u>(2018) Capital Fund</u>
Funds approved	\$ 1,203,958	\$ 1,875,007
Funds expended	\$ (775,794)	\$ (1,083,901)
Funds left to spend	\$ 428,164	\$ 791,106
	<u>(2019) Capital Fund</u>	<u>(2020) Capital Fund</u>
Funds approved	\$ 1,683,395	\$ 1,378,865
Funds expended	\$ (172,422)	\$ (137,886)
Funds left to spend	\$ 1,510,973	\$ 1,240,979

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
 Lake Charles, Louisiana
 FINANCIAL DATA SCHEDULE
 For the Year Ended September 30, 2020

Account Description	14.850	14.871	Business Activities	Elimination	14.HCC HCV	14.PHC Public	14.CCC Central	14.IKE
	Low Rent Public Housing	Housing Choice Vouchers			Care Act Funding	Housing CARES Act Funding	Office Cost Ctr CARES Act	DHAP-Ike
Cash-Unrestricted	\$1,856,062	\$372,285	\$564,391	\$0	\$0	\$0	\$0	\$51,791
Cash-Other restricted	\$0	\$882,319	\$727,788	\$0	\$319,145	\$0	\$0	\$0
Cash-Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash	\$1,856,062	\$1,254,604	\$1,292,179	\$0	\$319,145	\$0	\$0	\$51,791
Accounts Receivable-PHA Projects	\$0	\$2,965	\$0	\$0	\$0	\$0	\$0	\$0
Accounts Receivable-HUD Other Projects	\$26,970	\$0	\$0	\$0	\$0	\$105,491	\$0	\$0
Accounts Receivable-Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accounts Receivable-Miscellaneous	\$65,999	\$0	\$28,850	\$0	\$0	\$0	\$0	\$0
Accounts Receivable-Tenants-Dwelling Rents	\$143,220	\$0	\$44,235	\$0	\$0	\$0	\$0	\$0
Allowance for Doubtful Accounts-Tenants	(\$5,458)	\$0	(\$2,212)	\$0	\$0	\$0	\$0	\$0
Notes, Loans, & Mortgages Rble-Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fraud Recovery	\$0	\$311,456	\$0	\$0	\$0	\$0	\$0	\$0
Allowance for Doubtful Accounts-Fraud	\$0	(\$311,456)	\$0	\$0	\$0	\$0	\$0	\$0
Accrued Interest Receivable	\$4	\$0	\$8	\$0	\$0	\$0	\$0	\$0
Total Receivables, net of allowance for doubtful accounts	\$230,735	\$2,965	\$70,881	\$0	\$0	\$105,491	\$0	\$0
Investments-Unrestricted	\$4,187,598	\$1,532,972	\$118,037	\$0	\$0	\$0	\$0	\$945,477
Investments-Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses and Other Assets	\$274,006	\$25,528	\$54,659	\$0	\$0	\$0	\$0	\$0
Inventories	\$69,989	\$0	\$8,249	\$0	\$0	\$0	\$0	\$0
Interprogram Due From	\$948,190	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$7,566,580	\$2,816,069	\$1,544,005	\$0	\$319,145	\$105,491	\$0	\$997,268
Land	\$1,547,059	\$0	\$699,791	\$0	\$0	\$0	\$0	\$0
Buildings	\$29,236,599	\$0	\$4,507,932	\$0	\$0	\$0	\$0	\$0
Furniture, Equipment & Machinery-Dwellings	\$410,568	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Furniture, Equipment & Machinery-Administration	\$528,582	\$40,338	\$28,307	\$0	\$0	\$0	\$0	\$0
Leasehold Improvements	\$64,729	\$0	\$135,767	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	(\$24,615,954)	(\$39,067)	(\$692,522)	\$0	\$0	\$0	\$0	\$0
Total Fixed Assets, Net of Accumulated Depreciation	\$7,171,583	\$1,271	\$4,679,275	\$0	\$0	\$0	\$0	\$0
Notes, Loans & Mortgages Receivable	\$14,848,600	\$0	\$801,000	\$0	\$0	\$0	\$0	\$0
Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-Current Assets	\$22,020,183	\$1,271	\$5,480,275	\$0	\$0	\$0	\$0	\$0
Total Assets	\$29,586,763	\$2,817,340	\$7,024,280	\$0	\$319,145	\$105,491	\$0	\$997,268
Accounts Payable<=90 days	\$51,620	\$0	\$5,099	\$0	\$0	\$0	\$0	\$0
Accounts Payable >=90 Days	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accrued Wage/Payroll Taxes Payable	\$28,810	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accrued Compensated Absences - Current Portion	\$31,675	\$4,241	\$1,094	\$0	\$0	\$0	\$0	\$0
Accounts Payable-HUD PHA Programs	\$731,405	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accounts Payable-Other Government	\$79,915	\$0	\$66,229	\$0	\$0	\$0	\$0	\$0
Tenant Security Deposits	\$143,750	\$0	\$35,881	\$0	\$0	\$0	\$0	\$0
Unearned Revenue	\$0	\$53,703	\$0	\$0	\$219,872	\$0	\$0	\$0
Current Portion of L/T Debt-Capital	\$0	\$0	\$245,191	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Liability-Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interprogram Due To	\$6,782	\$51,633	\$716,809	\$0	\$99,273	\$105,491	\$0	\$0
Total Current Liabilities	\$1,073,957	\$109,577	\$1,070,303	\$0	\$319,145	\$105,491	\$0	\$0
Accrued Compensated Absences-Non Current	\$285,078	\$38,167	\$9,844	\$0	\$0	\$0	\$0	\$0
Long-term Debt-Net of Current-Cap.Projects/Mortgage	\$7,379,657	\$0	\$2,934,817	\$0	\$0	\$0	\$0	\$0
Non-current Liabilities-Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Noncurrent Liabilities	\$7,664,735	\$38,167	\$2,944,661	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$8,738,692	\$147,744	\$4,014,964	\$0	\$319,145	\$105,491	\$0	\$0
Invested In Capital Assets, Net of Related Debt	\$7,171,583	\$1,271	\$1,502,717	\$0	\$0	\$0	\$0	\$0
Restricted Net Position	\$0	\$828,616	\$0	\$0	\$0	\$0	\$0	\$0
Unrestricted Net Position	\$13,876,488	\$1,839,709	\$1,506,599	\$0	\$0	\$0	\$0	\$997,268
Total Equity/Net Assets/Position	\$20,848,071	\$2,669,596	\$3,009,316	\$0	\$0	\$0	\$0	\$997,268
Total Liabilities, Deferred Inflows of Resources & Equity	\$29,586,763	\$2,817,340	\$7,024,280	\$0	\$319,145	\$105,491	\$0	\$997,268

14.856	
Lower Income	
Section 8	
Mod Rehab	
MR002/MR003	Total
\$33,015	\$2,877,544
\$46,666	\$1,975,918
\$0	\$0
\$79,681	\$4,853,462
\$0	\$2,965
\$0	\$132,461
\$0	\$0
\$432	\$95,281
\$0	\$187,455
\$0	(\$7,670)
\$0	\$0
\$11,607	\$323,063
(\$11,607)	(\$323,063)
\$0	\$12
\$432	\$410,504
\$204,336	\$6,988,420
\$0	\$0
\$283	\$354,476
\$0	\$78,238
\$50,907	\$999,097
\$335,639	\$13,684,197
\$0	\$2,246,850
\$0	\$33,744,531
\$0	\$410,568
\$0	\$597,227
\$0	\$200,496
\$0	(\$25,347,543)
\$0	\$11,852,129
\$0	\$15,649,600
\$0	\$0
\$0	\$27,501,729
\$335,639	\$41,185,926
\$0	\$56,719
\$0	\$0
\$0	\$28,810
\$307	\$37,317
\$46,666	\$778,071
\$0	\$146,144
\$0	\$179,631
\$0	\$273,575
\$0	\$245,191
\$863	\$863
\$0	\$0
\$19,109	\$999,097
\$66,945	\$2,745,418
\$2,772	\$335,861
\$0	\$10,314,474
\$0	\$0
\$2,772	\$10,650,335
\$69,717	\$13,395,753
\$0	\$8,675,571
\$0	\$828,616
\$265,922	\$18,285,986
\$265,922	\$27,790,173
\$335,639	\$41,185,926

Housing Authority of the City of Lake Charles
 Lake Charles, Louisiana
 For the Year Ended September 30, 2020

Account Description	14.850	14.871	Business Activities	Elimination	14.HCC HCV	14.PHC Public	14.CCC Central	14.IKE
	Low Rent Public Housing	Housing Choice Vouchers			Care Act Funding	Housing CARES Act Funding	Office Cost Ctr CARES Act	DHAP-like
Net Tenant Rental Revenue	\$1,121,786	\$0	\$786,883	\$0	\$0	\$0	\$0	\$0
Tenant Revenue-Other	\$1,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Tenant Revenue	\$1,123,536	\$0	\$786,883	\$0	\$0	\$0	\$0	\$0
HUD PHA Operating Grants	\$2,190,636	\$8,297,888	\$0	\$0	\$102,384	\$105,491	\$0	\$0
Capital Grants	\$347,474	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management Fee	\$544,505	\$0	\$0	(\$544,505)	\$0	\$0	\$0	\$0
Asset Management Fee	\$230,688	\$0	\$0	(\$230,688)	\$0	\$0	\$0	\$0
Bookkeeping Fee	\$149,910	\$0	\$0	(\$149,910)	\$0	\$0	\$0	\$0
Investment Income-Unrestricted	\$44,507	\$16,803	\$4,081	\$0	\$0	\$0	\$0	\$10,741
Mortgage Interest Income	\$184,917	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fraud Recovery	\$0	\$18,698	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$22,597	\$97,931	\$9,615	(\$151,006)	\$0	\$0	\$151,006	\$0
Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investment Income-Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$4,838,770	\$8,431,320	\$800,579	(\$1,076,109)	\$102,384	\$105,491	\$151,006	\$10,741
Administrative Salaries	\$548,165	\$308,805	\$69,212	\$0	\$0	\$0	\$108,529	\$0
Book-keeping and Auditing Fees	\$67,843	\$134,174	\$5,084	(\$170,011)	\$14,612	\$5,490	\$0	\$4,648
Management Fees	\$544,506	\$0	\$0	(\$635,242)	\$48,338	\$42,998	\$0	\$0
Office expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employee Benefit Contributions-Administrative	\$202,595	\$174,347	\$27,684	\$0	\$0	\$0	\$37,985	\$0
Asset Management Fees	\$54,720	\$167,280	\$0	(\$270,856)	\$29,224	\$10,944	\$0	\$0
Travel	\$17,700	\$3,194	\$6,000	\$0	\$0	\$0	\$0	\$0
Legal Expenses	\$24,190	\$0	\$10,625	\$0	\$0	\$0	\$0	\$0
Other-Administrative	\$497,200	\$133,220	\$15,555	\$0	\$0	\$0	\$0	\$0
Tenant Services-Salaries	\$0	\$0	\$0	\$0	\$5,179	\$23,344	\$2,562	\$0
Relocation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$950	\$0
Employee Benefit Contributions-Tenant Services	\$0	\$0	\$0	\$0	\$0	\$10,898	\$1,920	\$0
Tenant Services-other	\$0	\$0	\$0	\$0	\$9,461	\$12,417	\$980	\$0
Water	\$157,689	\$0	\$1,950	\$0	\$0	\$0	\$0	\$0
Electricity	\$79,193	\$0	\$1,451	\$0	\$0	\$0	\$0	\$0
Gas	\$27,575	\$0	\$1,686	\$0	\$0	\$0	\$0	\$0
Ordinary Maintenance and Operations-Labor	\$314,849	\$0	\$0	\$0	\$0	\$0	\$0	\$3,614
Ordinary Maintenance and Operations-Materials and Other	\$186,318	\$3,612	\$39,189	\$0	\$0	\$0	\$0	\$0
Ordinary Maintenance and Operations-Contract Costs	\$214,355	\$14,235	\$110,188	\$0	\$0	\$0	\$0	\$0
Employee Benefit Contributions-Ordinary Maintenance	\$149,998	\$0	\$0	\$0	\$0	\$0	\$0	\$310
Protective Services-Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Insurance	\$513,237	\$32,285	\$102,309	\$0	\$0	\$0	\$0	\$0
Liability Insurance	\$69,550	\$5,080	\$0	\$0	\$0	\$0	\$0	\$0
Workmen's Compensation	\$41,837	\$6,490	\$37,115	\$0	\$0	\$0	\$0	\$0
All Other Insurance	\$52,971	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other General Expenses	\$0	\$4,369	\$0	\$0	\$0	\$0	\$0	\$0
Payments in Lieu of Taxes	\$72,996	\$0	\$71,334	\$0	\$0	\$0	\$0	\$0
Interest on Notes Payable	\$0	\$0	\$122,952	\$0	\$0	\$0	\$0	\$0
Bad Debt-Tenant Rents	\$0	\$0	\$651	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$3,837,487	\$987,091	\$622,985	(\$1,076,109)	\$106,814	\$105,491	\$152,926	\$8,572
Excess Operating Revenue over Operating Expenses	\$1,001,283	\$7,444,229	\$1,176,758	(\$2,152,218)	\$213,628	\$210,982	\$197,323	\$17,144
Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Casualty Losses-Non-Capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Housing Assistance Payments	\$26,604	\$7,032,367	\$0	\$0	\$0	\$0	\$0	\$0
HAP Portability In	\$0	\$47,796	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense	\$904,713	\$324	\$121,431	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$4,768,804	\$8,067,578	\$744,416	(\$1,076,109)	\$106,814	\$105,491	\$152,926	\$8,572
Special Items (Net Gain/Loss)	(\$279,440)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers In (Out)	(\$23,432)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfers between Program and Project-In	\$0	\$0	\$0	\$0	\$6,350	\$0	\$0	\$0
Transfers between Project and Program-Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,350)
Total Other Financing Sources (Uses)	(\$302,872)	\$0	\$0	\$0	\$6,350	\$0	\$0	(\$6,350)
Excess-Deficiency of Operating Revenue Over (Under)	(\$232,906)	\$363,742	\$56,163	\$0	\$0	\$0	\$0	(\$4,181)
Beginning Equity	\$21,080,977	\$2,305,854	\$2,953,153	\$0	\$0	\$0	\$0	\$1,001,449
Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unit Months Available	5,705	23,808	1,368					
Number of Unit Months Leased	5,367	13,940	1,271					

14.856
 Lower Income
 Section 8
 Mod Rehab

MR002/MR003	Total
\$0	\$1,908,669
\$0	\$1,750
\$0	\$1,910,419
\$351,425	\$11,047,824
\$0	\$347,474
\$0	\$0
\$0	\$0
\$0	\$0
\$2,209	\$78,341
\$0	\$184,917
\$920	\$19,618
\$0	\$130,143
\$0	\$0
\$0	\$0
\$354,554	\$13,718,736
\$19,375	\$1,054,086
\$8,424	\$70,264
\$0	\$0
\$0	\$0
\$3,489	\$446,100
\$8,688	\$0
\$0	\$30,088
\$0	\$41,990
\$39	\$646,014
\$0	\$31,085
\$0	\$950
\$0	\$12,818
\$0	\$22,858
\$0	\$159,639
\$0	\$80,644
\$0	\$29,261
\$0	\$318,463
\$0	\$229,119
\$0	\$338,778
\$0	\$150,308
\$0	\$0
\$0	\$647,831
\$0	\$74,630
\$1,455	\$86,897
\$0	\$52,971
\$0	\$4,369
\$0	\$144,330
\$0	\$122,952
\$0	\$651
\$41,470	\$4,786,727
\$63,565	\$8,172,694
\$0	\$0
\$0	\$0
\$294,824	\$7,353,795
\$0	\$47,796
\$0	\$1,026,468
\$336,294	\$13,214,786
\$0	(\$279,440)
\$0	(\$23,432)
\$0	\$6,350
\$0	(\$6,350)
\$0	(\$302,872)
\$18,260	\$201,078
\$247,662	\$27,589,095
\$0	\$0
\$0	\$0
840	31,721
724	21,302

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, 2020

Expenditure Purpose

Salary	\$ 125,062
Benefits-Health Insurance	8,937
Benefits-Retirement	11,040
Cell Phone	683
Travel (including per diem and advances)	529
Total Compensation, Benefits and Other Payments	\$ <u>146,251</u>

Agency Head: S. Benjamin Taylor, Chief Executive Officer

Trimm Consulting, APAC

1901 Sampson Street
Westlake, La. 70669
(337)478-0993

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 States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, 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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated May 21, 2021.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of The City of Lake Charles' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

Management's Response to Finding

The Housing Authority of Lake Charles' response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the use of the Board, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these 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

May 21, 2021

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Independent Auditor's Report on Compliance for Each Major Federal 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

I have audited the Housing Authority of The City of Lake Charles' compliance with the types of compliance requirements described in the *(OMB) Compliance Supplement* that could have a direct and material effect on each of the entity's major federal programs for the year ended September 30, 2020. The Housing Authority of The City of Lake Charles' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on the Housing Authority of The City of Lake Charles' compliance.

Opinion on Each Major Federal Program

In my opinion, the 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, 2020.

Report on Internal Control Over Compliance

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

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

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

This 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 these 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
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May 21, 2021

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor/Pass-through Grantor/Program Name	CFDA Number	Grant Number	Grants	
			Receipts	Expenses
Department of HUD				
PHA Owned Housing	14.850	FW-1132	\$ 1,806,294	\$ 1,806,294
Capital Grant(s)	14.872		731,816	731,816
HCV Cares Act Funding ARRA - Cap.	14.HCC		102,384	102,384
Public housing Cares Act	14.PHC		105,491	105,491
Sect. 8 Mod. Rehabilitation	14.856	FW-2074	351,425	351,425
Disaster Housing Asst. Grant	97.109		-0-	-0-
Shelter Plus Care Renewal	14.238	LA-48C40-1001	-	-
Sect. 8 Housing Choice Vouchers	14.871	FW-2228V	8,297,888	8,297,888
			Total	\$ <u>11,395,298</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, 2020

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	\$ 2,538,110
Section 8	8,857,188
	<u>\$ 11,395,298</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, 2020

SECTION I- Summary of Auditor's Results

Financial Statements

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

Internal Control over financial reporting:

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

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes none reported
- Significant deficiency(ies) identified? yes 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 no

Identification of major programs:

- a. CFDA 14.871 Section 8 Housing Choice Voucher Program
- b. CFDA 14.850 PHA Owned – Low Rent Public Housing
- c. CFDA 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? yes no

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

SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Year Ended September 30, 2020

Section II-Financial Statement Findings

None.

Section III-Findings and Questioned Costs for Federal Awards

None.

Section IV-Schedule of Prior Year Findings & Questioned Costs
For the year ended September 30, 2019

None.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

May 27, 2021 (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 9/30/20 (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.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No []

Reporting

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

Yes No []

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

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

Prior-Year Comments

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

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

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

Yes No

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

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No


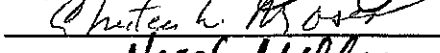

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No

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

	Secretary	May 27, 2021	Date
	Vice Chair	May 27, 2021	Date
	Chair	May 27, 2021	Date