

**Housing Authority of the  
CITY OF LAFAYETTE**  
Lafayette, Louisiana

**Annual Financial Report  
As of and for the Year Ended September 30, 2017**

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
Lafayette, Louisiana  
**Basic Financial Statements**  
As of and for the Year Ended September 30, 2017  
With Supplemental Information Schedules

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**William Daniel McCaskill, CPA**  
**A Professional Accounting Corporation**  
**415 Magnolia Lane**  
**Mandeville, Louisiana 70471**

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Telephone 866-829-0993  
Fax 225-665-1225  
E-mail danny@highperformer.net

Member of  
Louisiana Society of CPA's  
American Institute of CPA's

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
**Housing Authority of the City of Lafayette**  
Lafayette, Louisiana

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Housing Authority of the City of Lafayette (the authority) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which 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 opinions on these financial statements based on my audit. I did not audit the financial statements of the discretely presented component units of the Housing Authority, which represent 100% of the assets, net position and revenues as of December 31, 2016 of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and my opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Independent Auditor's Report, 2017

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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 opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the Housing Authority of the City of Lafayette as of September 30, 2017, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

Also included in Supplementary Information is an Agreed-Upon Procedures report, which reports on an Agreed-Upon Procedures engagement now required by the Louisiana Legislative Auditor. My opinion is not modified in respect to the matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's discussion and analysis* as listed in the table of contents 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.

## HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana  
Independent Auditor's Report, 2017  
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### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the authority's basic financial statements. The Financial Data Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Financial Data Schedule; the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Compensation of Board Members has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated January 25, 2018 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the authority's internal control over financial reporting and compliance.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

January 25, 2018

**REQUIRED SUPPLEMENTARY INFORMATION**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**

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**Housing Authority of the City of Lafayette  
Management's Discussion and Analysis (MD&A)  
September 30, 2017**

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As management of the Housing Authority, we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended September 30, 2017. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. Unless stated otherwise, information presented in the MD&A is in thousands.

**FINANCIAL HIGHLIGHTS**

- . The assets of the Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$8,067,290 (*net position*). Of this amount, \$1,795,501 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- . As of the close of the current fiscal year, the Housing Authority's enterprise funds reported combined ending net position of \$8,067,290, an increase of \$344,981. Approximately 22% of this total amount is *available for spending* at the Housing Authority's discretion (*unrestricted net position*).
- . The discretely presented component units consist of the St. Antoine Gardens, L.P. and Villa Gardens, L.P. in which the fiscal year ended December 31, 2016 was reported. The total operating revenues for the fiscal year ended December 31, 2016 were \$700,359 and the total operating expenditures were \$864,224. The total nonoperating expenses were \$229,217. The change in net position decreased \$393,082. A copy of the St. Antoine, L.P.'s and Villa Gardens, L.P.'s audit reports may be obtained from the Housing Authority.

**OVERVIEW OF THE FINANCIAL STATEMENTS** This discussion and analysis is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the basic 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.

**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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Housing Authority are reported as proprietary fund types.

**USING THIS ANNUAL REPORT** The Housing Authority's annual report consist of financial statements that show information about the Housing Authority's activities, which include the Public Housing program, Section 8 tenant based programs, Capital Fund program, and other enterprise activities.

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**Housing Authority of the City of Lafayette  
Management's Discussion and Analysis (MD&A)  
September 30, 2017**

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***Financial Section***

**Required Supplementary Information**

**Management's Discussion & Analysis (MD&A)**

**Basic Financial Statements**

**Fund  
Financial Statements**

**Notes to the Basic Financial  
Statements**

**Supplementary Information**

**Financial Data Schedule**

**Schedule of Compensation, Benefits and Other Payments to Agency Head  
Agreed-upon Procedures Report**

**Single Audit Information**

**Other Information**

A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

**Reporting the Housing Authority's Funds** The Housing Authority's financial statements provide detailed information about the funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Housing Authority's enterprise funds use the following accounting approach:

Proprietary funds – All of the Housing Authority's services are reported in enterprise funds. They are reported using the full accrual method of accounting in which all assets, liabilities and deferred inflows/outflows of resources associated with the operation of these funds are included in the Statement of Net Position. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

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**Housing Authority of the City of Lafayette  
Management's Discussion and Analysis (MD&A)  
September 30, 2017**

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**FINANCIAL ANALYSIS** The Housing Authority's net position was \$8,067,290 at September 30, 2017. Of this amount, \$1,795,501 was unrestricted. Our analysis below focuses on the net position and the change in net position of the Housing Authority as a whole.

**Table 1  
Net Position  
September 30,  
(in thousands)**

	2017	2016	Variance
<b>Assets</b>			
Current assets	\$ 4,687	\$ 4,728	\$ (41)
Restricted current assets	153	119	34
Capital assets, net	6,641	6,513	128
Non current assets	692	692	-
<b>Total assets</b>	<u>12,173</u>	<u>12,052</u>	<u>121</u>
<b>Liabilities</b>			
Current liabilities	3,697	3,763	(66)
Current liabilities payable from current restricted assets	115	110	5
Long-term liabilities	294	457	(163)
<b>Total liabilities</b>	<u>4,106</u>	<u>4,330</u>	<u>(224)</u>
<b>Net position</b>			
Net investment in capital assets	6,235	5,939	296
Restricted for HAP	37	10	27
Unrestricted	1,795	1,773	22
<b>Total net position</b>	<u>\$ 8,067</u>	<u>\$ 7,722</u>	<u>\$ 345</u>

**Housing Authority of the City of Lafayette  
Management's Discussion and Analysis (MD&A)  
September 30, 2017**

**Table 2  
Changes in Net Position  
For the Years Ended September 30,  
(in thousands)**

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Revenues/capital contributions:			
Operating revenues			
Dwelling rental	\$ 1,174	\$ 1,205	\$ (31)
Other	648	545	103
Federal grants	11,544	11,396	148
Nonoperating revenues			
Interest earnings	3	5	(2)
Miscellaneous	169	41	128
Capital contributions	679	742	(63)
Total revenues/capital contributions	<u>14,217</u>	<u>13,934</u>	<u>283</u>
Expenses:			
Operating expenses			
Administration	1,785	1,665	120
Tenant services	28	36	(8)
Utilities	475	496	(21)
Maintenance	1,390	1,252	138
Protective services	6	6	-
General expenses	550	531	19
Housing assistance payments	9,013	8,654	359
Depreciation	602	640	(38)
Total operating expenses	<u>13,849</u>	<u>13,280</u>	<u>569</u>
Non operating expense:			
Interest expense	23	30	(7)
Total expenses	<u>13,872</u>	<u>13,310</u>	<u>562</u>
Increase (decrease) in net position	<u>\$ 345</u>	<u>\$ 624</u>	<u>\$ (279)</u>

Total revenues increased by \$283 (thousand):

- Dwelling rental decreased \$31 thousand.
- Other revenue increased \$103 thousand due mainly to the Housing Authority being in a shortfall for Section 8 funding and not able to absorb portable vouchers. Therefore, the administering housing authority is required to reimburse Lafayette Housing Authority for the cost incurred.
- Federal Grants increased \$148 thousand mainly due to an increase in Section 8 funding from an increase in voucher cost per unit and increased operating subsidy.
- Miscellaneous non-operating revenues increased \$128 thousand due to insurance proceeds received as a result of two burn units.
- Capital contributions decreased \$63 thousand due to the Housing Authority finishing 2013 CFP and 2014 CFP on phase 2 of the water heater and line renovations.

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**Housing Authority of the City of Lafayette  
Management's Discussion and Analysis (MD&A)  
September 30, 2017**

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Total expenses increased \$569 (thousand):

- Administrative expenses increased \$120 thousand due to a combination of increased staffing and increased salaries and benefits.
- Maintenance costs increased \$138 thousand due mainly to expenses associated with getting two units that had burned back into operation.
- Housing assistance payments increased in 2017 of \$359 thousand due to the increase in voucher cost per unit due to the increase in payment standards.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At September 30, 2017, the Housing Authority had \$6,641 (thousand) invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$128 (thousand) or 2% from last year. See Note C to the financial statements for more detail on capital assets. Although the change in capital assets were only \$128, the additions to capital assets were actually \$751 thousand due to Phase 2 of the water lines; however, this was offset by current year depreciation of \$603 thousand.

**Capital Assets  
(in thousands)**

	2017	2016
Land	\$ 964	\$ 964
Construction in progress	489	742
Site improvements and buildings	4,996	4,620
Furniture and equipment	93	81
Infrastructure	99	106
Totals	\$ 6,641	\$ 6,513

*Debt*

Our long-term debt includes accrued annual and sick leave (compensated absences payable) of \$148 (thousand). Also included in debt is a capital lease payable of \$406 (thousand). We present more detail about our long-term liabilities in the Note F to the financial statements.

**ECONOMIC FACTORS** 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.

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**Housing Authority of the City of Lafayette  
Management's Discussion and Analysis (MD&A)  
September 30, 2017**

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**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT** Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Mrs. Yvonda Bean, Executive Director, at the Housing Authority of the City of Lafayette, 115 Kattie Drive, Lafayette, Louisiana 70501, telephone number (337) 233-1327.

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
ENTERPRISE FUNDS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

	<u>Total Primary Government</u>	Statement A  <u>Discrete Component Units</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 4,159,275	\$ 192,571
Accounts receivable HUD	126,171	-
Accounts receivable tenants, net	6,581	-
Due from component units, net	39,587	-
Fraud recovery, net	12,235	-
Accounts receivable miscellaneous, net	43,383	14,211
Prepaid items and other assets	172,296	22,123
Inventory	128,268	-
Restricted deposits	152,578	575,593
	<u>4,840,374</u>	<u>804,498</u>
Total Current Assets		
Noncurrent Assets:		
Other assets	-	68,940
Capital Assets:		
Land and construction in progress	1,453,032	513,824
Buildings, improvements, equipment and infrastructure (net of accumulated depreciation)	5,187,718	10,089,185
Notes receivable from component unit	435,924	-
Due from component units	191,553	-
Unearned developer fee receivable from component unit	64,750	-
	<u>7,332,977</u>	<u>10,671,949</u>
Total Noncurrent Assets		
TOTAL ASSETS	<u>\$ 12,173,351</u>	<u>\$ 11,476,447</u>

(continued)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
ENTERPRISE FUNDS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

Statement A

	<u>Total Primary Government</u>	<u>Discrete Component Units</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 70,928	\$ 8,363
Payable to other governments	89,804	-
Unearned revenue	20,142	624
Accrued wages payable	44,678	-
Interest payable	1,540	12,768
HUD liability	139,442	-
Current portion of compensated absences	84,573	-
Other liability	3,070,243	-
Current portion of long-term debt	175,388	32,076
Deposits due others	115,458	59,060
	<u>3,812,196</u>	<u>112,891</u>
Total Current Liabilities		
Noncurrent Liabilities:		
Compensated absences payable	63,172	-
Note payable to primary government	-	1,269,451
Interest payable to primary government	-	385,727
Fee payable	-	153,485
Due to primary government	-	550,458
Unearned developer fee payable to primary government	-	97,456
Long-term debt	230,693	2,388,024
	<u>293,865</u>	<u>4,844,601</u>
Total Noncurrent Liabilities		
	<u>4,106,061</u>	<u>4,957,492</u>
TOTAL LIABILITIES		
NET POSITION:		
Net investment in capital assets	6,234,669	6,812,522
Restricted for HAP	37,120	-
Unrestricted	1,795,501	(293,567)
	<u>8,067,290</u>	<u>6,518,955</u>
TOTAL NET POSITION		

(concluded)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
ENTERPRISE FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Total Primary <u>Government</u>	Statement B Discrete Component <u>Units</u>
Operating Revenues:		
Dwelling rental	\$ 1,174,214	\$ 677,851
Other operating	648,262	22,508
Federal grants	11,543,399	-
	<hr/>	<hr/>
Total operating revenues	13,365,875	700,359
Operating Expenses:		
Administration	1,784,708	136,118
Tenant services	27,648	-
Utilities	475,236	6,707
Maintenance	1,390,558	205,891
Protective services	5,891	-
General expenses	550,392	99,775
Housing assistance payments	9,013,038	-
Depreciation and amortization	602,521	415,733
	<hr/>	<hr/>
Total operating expenses	13,849,992	864,224
Operating income (loss)	<hr/> (484,117)	<hr/> (163,865)
Nonoperating revenues (expenses):		
Interest earnings	3,328	748
Miscellaneous revenues	168,970	-
Interest expense	(22,634)	(229,965)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	149,664	(229,217)
Net income (loss) before contributions	(334,453)	(393,082)
Capital contributions	679,434	-
	<hr/>	<hr/>
Change in net position	344,981	(393,082)
NET POSITION, beginning of year	<hr/> 7,722,309	<hr/> 6,912,037
NET POSITION, end of year	<hr/> <u>\$ 8,067,290</u>	<hr/> <u>\$ 6,518,955</u>

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Statement C

	<u>Total Primary Government</u>	<u>Discrete Component Units</u>
Cash Flows from Operating Activities:		
Rental receipts	\$ 1,381,724	\$ 696,203
Other receipts	440,741	-
Federal grants	11,500,925	-
Payments to vendors	(2,979,610)	(330,660)
Payments to employees	(1,203,831)	(84,130)
Payments to private landlords	(9,013,038)	-
Other payments	<u>-</u>	<u>(9,828)</u>
Net Cash Provided (Used) by Operating Activities	<u>126,911</u>	<u>271,585</u>
Cash Flows from Noncapital Financing Activities:		
Miscellaneous Revenues	<u>168,970</u>	<u>-</u>
Net Cash Provided (Used) by noncapital Financing Activities	<u>168,970</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(730,499)	(10,800)
Principal paid on capital debt	(167,628)	(29,828)
Interest paid on capital debt	(22,634)	(154,404)
Proceeds from Capital Grants	<u>679,434</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(241,327)</u>	<u>(195,032)</u>
Cash Flows from Investing Activities:		
Interest and dividends	<u>3,328</u>	<u>748</u>
Net Cash Provided (Used) by Investing Activities	<u>3,328</u>	<u>748</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>57,882</u>	<u>77,301</u>
CASH, beginning of year	<u>4,253,971</u>	<u>690,863</u>
CASH, end of year	<u>\$ 4,311,853</u>	<u>\$ 768,164</u>

(continued)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Statement C

	Total Primary <u>Government</u>	Discrete Component <u>Units</u>
Cash and cash equivalents	\$ 4,159,275	\$ 192,571
Restricted deposits	<u>152,578</u>	<u>575,593</u>
Total cash and cash equivalents	<u><u>4,311,853</u></u>	<u><u>768,164</u></u>
Reconciliation of Operating Income		
(Loss) to Net Cash Provided (Used)		
by Operating Activities:		
Operating income (loss)	(484,117)	(163,865)
Adjustments to reconcile operating income		
to net cash provided (used) by operating		
activities:		
Depreciation and amortization expense	602,521	415,733
Change in assets and liabilities:		
Receivables, net	45,803	(1,429)
Prepaid items	18,778	316
Accounts payable	(82,909)	3,961
HUD liability	17	-
Accrued wages payable	10,499	-
PILOT payable	4,789	-
Other liability	(9,193)	-
Fee payable	-	17,183
Unearned revenue	9,489	(2,757)
Deposits due others	5,948	2,443
Compensated absences	<u>5,286</u>	<u>-</u>
NET CASH PROVIDED (USED)		
BY OPERATING ACTIVITIES	<u><u>\$ 126,911</u></u>	<u><u>\$ 271,585</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:

Interest	<u><u>\$ 22,634</u></u>	<u><u>\$ 155,089</u></u>
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(concluded)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
 COMBINING STATEMENT OF NET POSITION FOR DISCRETE COMPONENT UNITS  
 SEPTEMBER 30, 2017

Statement D

ASSETS	Discrete Component Units		
	St. Antoine Gardens, L. P.	Villa Gardens, L. P.	Total Discrete Component Units
<b>Current assets</b>			
Cash and cash equivalents	\$ 84,842	\$ 107,729	\$ 192,571
Accounts receivable, net	8,357	5,854	14,211
Prepaid expenses and other assets	12,913	9,210	22,123
Restricted deposits	233,267	342,326	575,593
<b>Total current assets</b>	<u>339,379</u>	<u>465,119</u>	<u>804,498</u>
<b>Non Current Assets</b>			
Other assets	50,436	18,504	68,940
Capital assets:			
Land	98,500	415,324	513,824
Buildings, improvements and equipment, net of depreciation	3,774,221	6,314,964	10,089,185
<b>Total noncurrent assets</b>	<u>3,923,157</u>	<u>6,748,792</u>	<u>10,671,949</u>
<b>Total assets</b>	<u>4,262,536</u>	<u>7,213,911</u>	<u>11,476,447</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	2,508	5,855	8,363
Unearned revenue	37	587	624
Interest payable	3,480	9,288	12,768
Current portion of long-term debt	10,665	21,411	32,076
Deposits due others	24,585	34,475	59,060
<b>Total current liabilities</b>	<u>41,275</u>	<u>71,616</u>	<u>112,891</u>
<b>Noncurrent Liabilities</b>			
Note payable to primary government	435,924	833,527	1,269,451
Interest payable to primary government	213,481	172,246	385,727
Fee payable	91,193	62,292	153,485
Due to primary government	550,458	-	550,458
Unearned developer fee payable to primary government	97,456	-	97,456
Long-term debt	527,682	1,860,342	2,388,024
<b>Total noncurrent liabilities</b>	<u>1,916,194</u>	<u>2,928,407</u>	<u>4,844,601</u>
<b>Total liabilities</b>	<u>1,957,469</u>	<u>3,000,023</u>	<u>4,957,492</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,797,514	4,015,008	6,812,522
Unrestricted	(492,447)	198,880	(293,567)
<b>TOTAL NET POSITION</b>	<u>\$ 2,305,067</u>	<u>\$ 4,213,888</u>	<u>\$ 6,518,955</u>

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE DISCRETE COMPONENT UNITS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

Statement E

	Discrete Component Units		
	St. Antoine Gardens, L. P.	Villa Gardens, L. P.	Total Discrete Component Units
<b>Operating Revenues</b>			
Dwelling rental	\$ 262,591	\$ 415,260	\$ 677,851
Other operating	8,486	14,022	22,508
<b>Total operating revenues</b>	<u>271,077</u>	<u>429,282</u>	<u>700,359</u>
<b>Operating Expenses</b>			
Administration	54,428	81,690	136,118
Utilities	2,840	3,867	6,707
Maintenance	96,157	109,734	205,891
General expenses	45,595	54,180	99,775
Depreciation and amortization	138,996	276,737	415,733
<b>Total operating expenses</b>	<u>338,016</u>	<u>526,208</u>	<u>864,224</u>
<b>Operating income (loss)</b>	<u>(66,939)</u>	<u>(96,926)</u>	<u>(163,865)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest earnings	-	748	748
Interest expense	(74,284)	(155,681)	(229,965)
<b>Total nonoperating revenues (expenses)</b>	<u>(74,284)</u>	<u>(154,933)</u>	<u>(229,217)</u>
<b>Income (loss) before other revenues, expenses, gains and losses</b>	<u>(141,223)</u>	<u>(251,859)</u>	<u>(393,082)</u>
Capital contributions	-	-	-
<b>Increase (decrease) in net position</b>	(141,223)	(251,859)	(393,082)
<b>Net position, beginning of year</b>	<u>2,446,290</u>	<u>4,465,747</u>	<u>6,912,037</u>
<b>Net position, end of year</b>	<u>\$ 2,305,067</u>	<u>\$ 4,213,888</u>	<u>\$ 6,518,955</u>

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
STATEMENT OF CASH FLOWS  
FOR THE DISCRETE COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Statement F

	<b>Discrete Component Units</b>		
	<b>St Antoine Gardens, L.P.</b>	<b>Villa Gardens L. P.</b>	<b>Total Discrete Component Units</b>
Cash Flows from Operating Activities:			
Rental receipts	\$ 264,906	\$ 431,297	\$ 696,203
Payments to vendors	(160,118)	(170,542)	(330,660)
Payments to employees	(24,721)	(59,409)	(84,130)
Other payments	2,527	(12,355)	(9,828)
	<u>82,594</u>	<u>188,991</u>	<u>271,585</u>
Net Cash Provided (Used) by Operating Activities			
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(10,800)	-	(10,800)
Principal paid on capital debt	(9,927)	(19,901)	(29,828)
Interest paid on capital debt	(42,153)	(112,251)	(154,404)
	<u>(62,880)</u>	<u>(132,152)</u>	<u>(195,032)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities			
Cash Flows from Investing Activities:			
Interest and dividends	-	748	748
	<u>-</u>	<u>748</u>	<u>748</u>
Net Cash Provided (Used) by Investing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	<u>19,714</u>	<u>57,587</u>	<u>77,301</u>
CASH, beginning of year	<u>298,395</u>	<u>392,468</u>	<u>690,863</u>
CASH, end of year	<u>\$ 318,109</u>	<u>\$ 450,055</u>	<u>\$ 768,164</u>

(continued)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE  
STATEMENT OF CASH FLOWS  
FOR THE DISCRETE COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Statement F

	Discrete Component Units		
	St Antoine Gardens, L.P.	Villa Gardens L. P.	Total Discrete Component Units
Cash and cash equivalents	\$ 84,842	\$ 107,729	\$ 192,571
Restricted deposits	233,267	342,326	575,593
	<u>318,109</u>	<u>450,055</u>	<u>768,164</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	(66,939)	(96,926)	(163,865)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	138,996	276,737	415,733
Change in assets and liabilities:			
Receivables, net	(5,549)	4,120	(1,429)
Prepaid items	501	(185)	316
Accounts payable	1,880	2,081	3,961
Fee payable	11,914	5,269	17,183
Unearned revenue	(622)	(2,135)	(2,757)
Deposits due others	2,413	30	2,443
	<u>2,413</u>	<u>30</u>	<u>2,443</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 82,594</u>	<u>\$ 188,991</u>	<u>\$ 271,585</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ 42,838	\$ 112,251	\$ 155,089
	<u>42,838</u>	<u>112,251</u>	<u>155,089</u>

(concluded)

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

# HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Notes to the Basic Financial Statements

September 30, 2017

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### (1) Reporting Entity

The Housing Authority of The City of Lafayette (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the City of Lafayette, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

The Housing Authority administers the following units:

Low Rent	LA005	572
Section 8 Housing Choice Vouchers	LA005	1,834

GASB Statement No. 14, as amended by GASB statement No. 39 and GASB Statement No. 61, establishes criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in the GASB statements, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

## HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The GASB has set forth criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the state to impose its will on the organization, and/or
  - b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that the following component units should be considered as part of the Housing Authority reporting entity.

St. Antoine Gardens Limited Partnership (SAGLP) is a legally separate entity. The Managing General Partner of SAGLP is Lafayette Low Income Housing Management Corporation, Inc. (LLIHMC). The Board of Directors of LLIHMC consists entirely of the Board of Commissioners of the Housing Authority, which provides the Housing Authority with a voting majority of the governing body of SAGLP. In addition, there is the potential for SAGLP to impose financial burden on the Housing Authority. Based on the above, SAGLP and LLIHMC are considered to be component units.

Villa Gardens Limited Partnership (VGLP) is a legally separate entity. The Managing General Partner of VGLP is the Housing Authority. This provides the Housing Authority with a voting majority of the governing body of VGLP. In addition, there is the potential for VGLP to impose a financial burden on the Housing Authority. Based on the above, VGLP is considered to be component unit.

The governing body of the Housing Authority is considered to have complete control over LLIHMC but not complete control over SAGLP and VGLP. As a result, LHA records LLIHMC in the LHA financial statements as a blended entity. LHA includes SAGLP and VGLP through discrete presentation. The financial position, changes in net position and cash flows of SAGLP and VGLP are presented as of and for the year ended December 31, 2016.

Separate financial statements of SAGLP and VGLP were issued for fiscal year ended December 31, 2016, and can be obtained from the discretely presented component units.

## HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

The authority is a related organization of the City of Lafayette, Louisiana since the city appoints a voting majority of the authority's governing board. The city is not financially accountable for the authority as it cannot 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. Accordingly, the authority is not a component unit of the financial reporting entity of the city.

### (2) 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 enterprise fund are HUD operating grants and subsidies, Section 8 Housing Assistance Subsidies, Section 8 Management Fees and tenant dwelling rents. Operating expenses include Section 8 Housing Assistance Payments, General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—For State and Local Governments*, which was unanimously approved in June 1999 by the GASB.

### (3) Measurement focus and basis of accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**Proprietary Funds** – Proprietary funds are accounted for on the flow of economic resources measurement focus and use 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, all liabilities, and

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

deferred inflows/outflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenues of the Housing Authority are rental income, maintenance charges to the residents and federal operating grants. Operating expenses include the costs of providing these services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(4) Assets, liabilities, and net position

(a) Deposits

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

(b) Inventory and prepaid items

All inventories are valued at cost on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(c) Restricted Assets

Cash equal to the amount of tenant security deposits and housing assistance payment reserves are reflected as restricted.

(d) Capital assets

Capital assets of the authority are included in the statement of net position and are recorded at actual cost. The capitalization threshold is \$5,000. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Modernization and improvements	15 years
Furniture and equipment	3-7 years

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At September 30, 2017, the management of the authority established an allowance for doubtful accounts of approximately \$2,943,036.

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation pay benefits. In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation pay is accrued when incurred and reported as a liability.

Depending on length of service, employees earn from 96 to 192 hours per year in annual leave. Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay.

(h) Restricted Net Position

Net positions are reported as restricted when constraints placed on net positions use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The restricted net position for HAP reported in the statement of net position is restricted due to enabling legislation.

(i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 government-wide financial

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Amortization

St. Antoine Gardens, L.P., a component unit of the Housing Authority amortizes its tax credit costs over the ten-year tax credit period using the straight-line method beginning in the first year in which tax credits are taken. For the year ended December 31, 2016, accumulated amortization totaled \$21,533.

Villa Gardens, L.P., a component unit of the Housing Authority amortizes its tax credit costs over the ten-year tax credit period using the straight-line method beginning in the first year in which tax credits are taken. For the year ended December 31, 2016, accumulated amortization totaled \$24,646.

**NOTE B – DEPOSITS**

Deposits are stated at cost, which approximates fair value. Under state law and/or federal regulation, these deposits, or the resulting bank balances, must be in Federal Securities, secured by federal deposit insurance or the pledge of federal securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of September 30, 2017, the authority's carrying amount of deposits was \$4,311,853, which includes the following:

Cash and cash equivalents-unrestricted	\$4,159,275
Cash and cash equivalents- restricted	152,578
Total	\$4,311,853

**Interest Rate Risk**—The authority's policy does not address interest rate risk.

**Credit Rate Risk**—Since all of the authority's deposits are federally insured and/or backed by federal securities, the authority does not have credit rate risk.

**Custodial Credit Risk**—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$267,552 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$4,111,831 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances at September 30, 2017 totaled \$4,379,383.

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

The carrying amount of the deposits as of December 31, 2016 for St. Antoine Gardens, L.P., the Housing Authority's discretely presented component unit, was \$84,842 classified as cash and cash equivalents and \$233,267 classified as restricted deposits. As of December 31, 2016, there were no uninsured deposits. The restricted deposits of \$233,267 consisted of \$22,558 in tenant security deposits, \$28,031 in insurance escrow reserve, \$60,977 in replacement reserve, \$24,111 in special purpose reserves, and \$97,590 in operating reserves.

The carrying amount of the deposits as of December 31, 2016 for Villa Gardens, L.P., the Housing Authority's discretely presented component unit, was \$107,729 classified as cash and cash equivalents and \$342,326 classified as restricted deposits. As of December 31, 2016, there were uninsured deposits of \$150,525, note that the component units are not required to have all deposits insured by the federal government. The restricted deposits of \$342,326 consisted of \$34,475 in tenant security deposits, \$51,241 in tax and insurance escrow, \$79,064 in replacement reserve, and \$177,546 in operating reserve.

**NOTE C - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2017 was as follows:

**Primary Government**

	<u>9 30 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>9 30 2017</u>
<b>Nondepreciable Assets:</b>				
Land	\$ 964,417	\$ -	\$ -	\$ 964,417
Construction in Progress	742,393	483,941	737,719	488,615
<b>Depreciable Assets:</b>				
Building and improvements	21,969,973	947,167	-	22,917,140
Furniture and equipment	528,831	56,666	42,214	543,283
Infrastructure	115,000	-	-	115,000
Total	<u>24,320,614</u>	<u>1,487,774</u>	<u>779,933</u>	<u>25,028,455</u>
Less accumulated depreciation				
Building and improvements	17,350,095	570,707	-	17,920,802
Furniture and equipment	448,802	24,147	22,658	450,291
Infrastructure	8,945	7,667	-	16,612
Total accumulated depreciation	<u>17,807,842</u>	<u>602,521</u>	<u>22,658</u>	<u>18,387,705</u>
Net Capital Assets	<u>\$ 6,512,772</u>	<u>\$ 885,253</u>	<u>\$ 757,275</u>	<u>\$ 6,640,750</u>

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

**Component Units**

	<u>12 31 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>12 31 2016</u>
<b>Nondepreciable Assets:</b>				
Land	\$ 513,824	\$ -	\$ -	\$ 13,824
<b>Depreciable Assets:</b>				
Building and improvements	12,292,444	10,800	-	12,303,244
Furniture and equipment	<u>633,993</u>	<u>-</u>	<u>-</u>	<u>633,993</u>
Total	<u>13,440,261</u>	<u>10,800</u>	<u>-</u>	<u>13,451,061</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>2,438,791</u>	<u>409,261</u>	<u>-</u>	<u>2,848,052</u>
Net Capital Assets	<u>\$ 11,001,470</u>	<u>\$ (398,461)</u>	<u>\$ -</u>	<u>\$ 10,603,009</u>

***NOTE D – CONSTRUCTION COMMITMENTS***

The authority is engaged in a modernization program and has entered into construction type contracts with approximately \$271,624 remaining until completion.

***NOTE E – COMPENSATED ABSENCES***

At September 30, 2017, employees of the authority have accumulated and vested \$147,745 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$63,172 is reported in long-term debt.

***NOTE F – LONG TERM OBLIGATIONS***

At September 30, 2017, employees of the Housing Authority have accumulated and vested \$147,745 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

The following is a summary of the long-term obligation transactions and balances for the year ended September 30, 2017:

**Primary Government**

	<b>Compensated Absences</b>	<b>Lease Payable</b>
Balance as of October 1, 2016	\$142,459	\$573,710
Additions	89,559	-
Deletions	(84,573)	(167,629)
Balance September 30, 2017	147,745	406,081

Due in one year	\$84,573	\$175,388
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**Component Units:**

	<b>Long-term Debt</b>	<b>Note Payable – Primary Government</b>
Balance as of January 1, 2016	\$2,592,316	\$1,269,451
Additions	-	-
Deletions	(29,828)	-
Note payable December 31, 2016	2,562,488	1,269,451
Less: Unamortized debt issuance costs	(142,388)	-
Total December 31, 2016	2,420,100	1,269,451

Due in one year	\$32,076	\$ -
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The Housing Authority entered into a water and energy service agreement with Water and Energy Savings Corporation on July 25, 2007. The Water and Energy Savings Corporation also monitors the savings. In order to meet the requirements of the agreement and to complete the necessary modernizations to Public Housing Authority's developments, the Housing Authority signed a lease-purchase agreement on December 27, 2007 for \$1,644,912. This amount was also added to buildings and improvements for the fiscal year ended September 30, 2008. The current year depreciation expense and accumulated depreciation for the improvements are \$137,076 and \$1,370,759, respectively, for the fiscal year ended September 30, 2017.

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

The capital lease payable at September 30, 2017, is the following issue:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
Lease Payable	\$ 1,644,912	4.55%	12/31/19	\$ 23,444	\$ 406,081

The capital lease is due as follows:

<u>Year Ending September 30,</u>	<u>Total Payments</u>
2018	\$ 190,899
2019	190,899
2020	<u>47,722</u>
Total minimum lease payment	429,525
Less: amount representing interest	<u>(23,444)</u>
Present value of minimum lease payments	\$ <u>406,081</u>

On June 25, 2009, the SAGLP component unit entered into a loan agreement in the amount of \$640,000 with JP Morgan Chase Bank, NA. The loan is payable in monthly installments of principal and interest of \$4,340 until its maturity on July 1, 2027, at which time any remaining principal and interest shall be due and payable. The loan bears interest at a rate of 7.19% per annum and is collateralized primarily by the component unit's land and improvements, thereon. As of December 31, 2016, the loan balance was \$580,824.

Note Payable	\$580,824
Less Unamortized Debt Issuance Costs	<u>(42,477)</u>
Note Payable, net	\$538,347

SAGLP recorded a note payable which is due to LHA in the amount of \$435,924. This note is to be paid from available cash flow, if any, and therefore does not have an amortization schedule.

On March 7, 2012, VGLP entered into a permanent loan agreement to receive funds of \$1,600,000 from Capital One, NA. The loan bears interest at a rate of 7.34% per annum and was payable in monthly installments of principal and interest of \$11,013 until its maturity on March 7, 2027, at which time any remaining principal and interest shall be due and payable. As of December 31, 2016, the amount owed on this loan was \$1,518,414.

Note Payable	\$1,518,414
Less Unamortized Debt Issuance Costs	<u>(99,911)</u>
Note Payable, net	\$1,418,503

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

VGLP also entered into a permanent loan agreement with Lafayette Public Trust Financing Authority on July 16, 2010, which is collateralized by a mortgage on real property and a security agreement. The maximum amount that can be drawn on the loan is \$463,250. The loan bears no interest and is payable solely from 75% of net cash flow commencing on January 1, 2011 and matures on June 30, 2025. As of December 31, 2016, the amount owed on this loan was \$463,250. VGLP also entered into a loan with the primary government during the fiscal year ended December 31, 2011 in the amount of \$833,527. The loan bears interest at a fixed rate of 4.0% per annum and is payable in annual installments solely from 75% of surplus cash flow, due on the first day of April commencing April 1, 2012 and matures on August 1, 2045. As of December 31, 2016, the amount owed on this loan was \$833,527 plus \$172,246 of accrued interest.

The component unit's long-term debt is due as follows:

Year Ending December 31

	Principal Payments	Interest Payments	Total Payments
2017	\$ 32,076	\$ 152,155	\$ 184,231
2018	34,494	149,737	184,231
2019	37,094	147,137	184,231
2020	39,891	144,340	184,231
2021	42,898	141,333	184,231
2022-2026	268,162	652,992	921,154
2027	2,107,873	40,044	2,147,917
	<u>\$2,562,488</u>	<u>\$ 1,427,738</u>	<u>\$ 3,990,226</u>

**NOTE G – COMMITMENTS AND CONTINGENCIES**

Memorandums of Understanding (MOU):

The agency executed two (2) MOU's that affect the FS's, as described below. These MOU's are considered contracts between and binding the parties. A result of the MOU's is LLIHC, SAG, and VGHC indemnifying LHA.

A main effect of these MOU's is:

To agree to the amounts due to the general fund from the CU's and require they be recorded as AR/AP.

Require any CU funds available at this time be immediately paid to the general fund to reduce the AR.

Require that future earnings from all Non Federal Funds be paid to the general fund to pay off the AR.

## HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

First MOU -- In January 2013 a MOU was executed between LHA and Lafayette Low Income Housing Corporation (LLIHC). Previously St Antione Gardens LP was merged into LLIHC at the direction of HUD. As a result of this MOU LLIHC/SAG expensed \$259,000, which was credited to AR from SAG on the Section 8 books, leaving a balance of \$131,274 due to Section 8 for the issues covered by this MOU.

Second MOU -- In February 2013 a MOU was executed between LHA and LLIHC and Villa Gardens Housing Corporation (VGHC). The purpose of this MOU is to formalize the agreement to repay questioned costs identified by an OIG report in 2011 in the amount of \$2,976,813. The parties agreed that Management Fees paid in the future will be credited to the account receivable described above. The parties agreed that any additional earnings by LLIHC from VGHC and/or SAG will be credited to the AR, considered by the parties to be a significant commitment. The LHA received \$79,006 in fees during this fiscal year. As a result of this MOU the PHA records \$2,897,807 as AP LHA and \$2,818,713 of this amount as Uncollectible. LHA states that HUD required this recordation as part of the MOU negotiations with the idea being that HUD insists LHA continue recording the AR until paid in full from all available non Federal Funds.

### Contingent guarantees:

The Housing Authority executed contingent guarantees relating to component units.

These guarantees include all obligations of VGLP including partnership deficits. These guarantees include specific VGLP potential obligations that are not quantifiable such as operating deficits for all required compliance periods. LHA did not record any contingent liabilities relating to these contingent liabilities.

These guarantees also include all obligations of SAGLP including partnership deficits. These guarantees include specific SAGLP potential obligations that are not quantifiable such as operating deficits for all required compliance periods. LHA did not record contingent liabilities relating to these contingent liabilities.

### *NOTE H - RETIREMENT PLAN*

The Housing Authority provides pension benefit through Principle Life Insurance Company for all of its full-time employees through a defined contribution plan. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one year of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make contributions equal to 3% of each participant's basic compensation. The contribution rates are established by the Housing Authority board. The employee may make monthly voluntary contributions of his or her basic compensation. Employee contributions totaled \$7,771 for the year ended September 30, 2017.

## **HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended September 30, 2017 was \$1,219,616. The Housing Authority's contributions were calculated using the base salary amount of \$1,059,974. The Housing Authority made the required contributions of \$31,799 for the year ended September 30, 2017.

### ***NOTE I – 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, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

The authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

This includes coverage of property, general liability, public liability, and workers compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the authority's deductions are met.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

### ***NOTE J – FEDERAL COMPLIANCE CONTINGENCIES***

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries. The authority is subject to HUD's consideration of reducing grants in order to have the authority utilize authority Equity to fund expenses.

### ***NOTE K – SUBSEQUENT EVENTS***

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through January 25, 2018 and concluded that no subsequent events have occurred that would

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2017 - continued

require recognition in the financial statements or disclosure in the notes to the financial statements.

***NOTE L – ECONOMIC DEPENDENCE***

Financial Accounting Standards Boards Accounting Standards Codification 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$12,222,833 to the authority, which represents approximately 87% of the authority's total revenue for the year.

***NOTE M - DUE TO/FROM DISCRETELY PRESENTED COMPONENT UNIT***

The difference in the amounts due to and from the discretely presented component unit is due to the fact that the component units are presented as of December 31, 2016 for St. Antoine Gardens, L.P. and Villa Gardens, L.P. and the Housing Authority year end is September 30, 2017. The receivable/payable is a result of development and operating cost paid by the Housing Authority which has not yet been reimbursed.

# Financial Data Schedule

Housing Authority of the City of Lafayette (LA005)  
Lafayette, LA

## Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.IKE DHAP-IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,238,808	\$410,457	\$692,850	\$192,571	\$374,048	\$20,989	\$422,123	\$4,351,846		\$4,351,846
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted			\$37,120	\$518,560				\$555,680		\$555,680
114 Cash - Tenant Security Deposits	\$115,458			\$57,033				\$172,491		\$172,491
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$2,354,266	\$410,457	\$729,970	\$768,164	\$374,048	\$20,989	\$422,123	\$5,080,017	\$0	\$5,080,017
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects	\$126,171							\$126,171		\$126,171
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous	\$79,093		\$175,886	\$14,211		\$500,674	\$2,878,992	\$3,648,856		\$3,648,856
126 Accounts Receivable - Tenants	\$12,731							\$12,731		\$12,731
126.1 Allowance for Doubtful Accounts - Tenants	-\$6,150							-\$6,150		-\$6,150
126.2 Allowance for Doubtful Accounts - Other	-\$39,506		-\$1,229	\$0		\$0	-\$2,818,713	-\$2,859,448		-\$2,859,448
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery			\$90,902					\$90,902		\$90,902
128.1 Allowance for Doubtful Accounts - Fraud			-\$78,667					-\$78,667		-\$78,667
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$172,339	\$0	\$186,892	\$14,211	\$0	\$500,674	\$60,279	\$934,395	\$0	\$934,395
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$132,858		\$12,037	\$22,123			\$27,401	\$194,419		\$194,419
143 Inventories	\$128,268							\$128,268		\$128,268
143.1 Allowance for Obsolete Inventories	\$0							\$0		\$0
144 Inter Program Due From						\$277,587	\$48,560	\$326,147	-\$326,147	\$0
145 Assets Held for Sale										
150 Total Current Assets	\$2,787,731	\$410,457	\$928,899	\$804,498	\$374,048	\$799,250	\$558,363	\$6,663,246	-\$326,147	\$6,337,099
161 Land	\$964,417			\$513,824				\$1,478,241		\$1,478,241
162 Buildings	\$22,021,016			\$12,303,244			\$896,124	\$35,220,384		\$35,220,384
163 Furniture, Equipment & Machinery - Dwellings	\$88,776							\$88,776		\$88,776
164 Furniture, Equipment & Machinery - Administration	\$240,602		\$106,060	\$633,993			\$107,845	\$1,088,500		\$1,088,500
165 Leasehold Improvements										
166 Accumulated Depreciation	-\$17,408,300		-\$69,699	-\$2,848,052			-\$909,706	-\$21,235,757		-\$21,235,757
167 Construction in Progress	\$488,615							\$488,615		\$488,615
168 Infrastructure	\$115,000							\$115,000		\$115,000
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,510,126	\$0	\$36,361	\$10,603,009	\$0	\$0	\$94,263	\$17,243,759	\$0	\$17,243,759
171 Notes, Loans and Mortgages Receivable - Non-Current										
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										
173 Grants Receivable - Non Current										
174 Other Assets				\$68,940				\$68,940		\$68,940
176 Investments in Joint Ventures										
180 Total Non-Current Assets	\$6,510,126	\$0	\$36,361	\$10,671,949	\$0	\$0	\$94,263	\$17,312,699	\$0	\$17,312,699
200 Deferred Outflow of Resources										
290 Total Assets and Deferred Outflow of Resources	\$9,297,857	\$410,457	\$965,260	\$11,476,447	\$374,048	\$799,250	\$652,626	\$23,975,945	-\$326,147	\$23,649,798

# Financial Data Schedule

Housing Authority of the City of Lafayette (LA005)  
Lafayette, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.IKE DHAP-IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$47,103		\$9,672	\$8,363			\$14,153	\$79,291		\$79,291
313 Accounts Payable >90 Days Past Due	\$0							\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$12,822		\$6,027				\$25,829	\$44,678		\$44,678
322 Accrued Compensated Absences - Current Portion	\$38,661		\$23,180				\$22,732	\$84,573		\$84,573
324 Accrued Contingency Liability										
325 Accrued Interest Payable	\$1,540			\$12,768				\$14,308		\$14,308
331 Accounts Payable - HUD PHA Programs			\$139,442					\$139,442		\$139,442
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	\$89,804							\$89,804		\$89,804
341 Tenant Security Deposits	\$115,458			\$59,060				\$174,518		\$174,518
342 Unearned Revenue	\$20,142			\$624				\$20,766		\$20,766
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$175,388			\$32,076				\$207,464		\$207,464
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities										
346 Accrued Liabilities - Other	\$171,008		\$177			\$2,897,807	\$1,251	\$3,070,243		\$3,070,243
347 Inter Program - Due To			\$326,147					\$326,147	-\$326,147	\$0
348 Loan Liability - Current										
310 Total Current Liabilities	\$671,926	\$0	\$504,645	\$112,891	\$0	\$2,897,807	\$63,965	\$4,251,234	-\$326,147	\$3,925,087
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$230,693			\$3,221,551				\$3,452,244		\$3,452,244
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other				\$1,623,050				\$1,623,050		\$1,623,050
354 Accrued Compensated Absences - Non Current	\$29,526		\$17,696				\$15,950	\$63,172		\$63,172
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities										
350 Total Non-Current Liabilities	\$260,219	\$0	\$17,696	\$4,844,601	\$0	\$0	\$15,950	\$5,138,466	\$0	\$5,138,466
300 Total Liabilities	\$932,145	\$0	\$522,341	\$4,957,492	\$0	\$2,897,807	\$79,915	\$9,389,700	-\$326,147	\$9,063,553
400 Deferred Inflow of Resources										
508.4 Net Investment in Capital Assets	\$6,104,045		\$36,361	\$6,812,522			\$94,263	\$13,047,191		\$13,047,191
511.4 Restricted Net Position				\$37,120				\$37,120		\$37,120
512.4 Unrestricted Net Position	\$2,261,667	\$410,457	\$369,438	-\$293,567	\$374,048	-\$2,098,557	\$478,448	\$1,501,934		\$1,501,934
513 Total Equity - Net Assets / Position	\$8,365,712	\$410,457	\$442,919	\$6,518,955	\$374,048	-\$2,098,557	\$572,711	\$14,586,245	\$0	\$14,586,245
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$9,297,857	\$410,457	\$965,260	\$11,476,447	\$374,048	\$799,250	\$652,626	\$23,975,945	-\$326,147	\$23,649,798

# Financial Data Schedule

Housing Authority of the City of Lafayette (LA005)  
Lafayette, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.IKE DHAP- IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,174,214			\$677,851				\$1,852,065		\$1,852,065
70400 Tenant Revenue - Other	\$186,057			\$21,526				\$207,583		\$207,583
70500 Total Tenant Revenue	\$1,360,271	\$0	\$0	\$699,377	\$0	\$0	\$0	\$2,059,648	\$0	\$2,059,648
70600 HUD PHA Operating Grants	\$2,011,135		\$9,532,264					\$11,543,399		\$11,543,399
70610 Capital Grants	\$679,434							\$679,434		\$679,434
70710 Management Fee							\$565,384	\$565,384	-\$565,384	\$0
70720 Asset Management Fee							\$68,520	\$68,520	-\$68,520	\$0
70730 Book Keeping Fee							\$189,135	\$189,135	-\$189,135	\$0
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue							\$823,039	\$823,039	-\$823,039	\$0
70800 Other Government Grants										
71100 Investment Income - Unrestricted	\$1,787		\$1,240	\$748		\$19	\$282	\$4,076		\$4,076
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery			\$21,464					\$21,464		\$21,464
71500 Other Revenue	\$138,762		\$440,741	\$982		\$30,058		\$610,543		\$610,543
71600 Gain or Loss on Sale of Capital Assets							\$150	\$150		\$150
72000 Investment Income - Restricted										
70000 Total Revenue	\$4,191,389	\$0	\$9,995,709	\$701,107	\$0	\$30,077	\$823,471	\$15,741,753	-\$823,039	\$14,918,714
91100 Administrative Salaries	\$275,894		\$269,986	\$37,314			\$348,661	\$931,855		\$931,855
91200 Auditing Fees	\$25,677		\$27,739				\$19,492	\$72,908		\$72,908
91300 Management Fee	\$390,505		\$174,879	\$42,113				\$607,497	-\$565,384	\$42,113
91310 Book-keeping Fee	\$48,285		\$140,850					\$189,135	-\$189,135	\$0
91400 Advertising and Marketing	\$709		\$311				\$757	\$1,777		\$1,777
91500 Employee Benefit contributions - Administrative	\$116,373		\$120,298	\$16,568			\$103,942	\$357,181		\$357,181
91600 Office Expenses	\$91,964		\$71,516	\$14,308			\$50,978	\$228,766		\$228,766
91700 Legal Expense	\$1,944		\$1,066	\$15,762			\$742	\$19,514		\$19,514
91800 Travel	\$111,502		\$7,169	\$117			\$37,341	\$56,129		\$56,129
91810 Allocated Overhead										
91900 Other	\$74,363		\$31,331	\$9,936			\$94,953	\$210,583		\$210,583
91000 Total Operating - Administrative	\$1,037,216	\$0	\$845,145	\$136,118	\$0	\$0	\$656,866	\$2,675,345	-\$754,519	\$1,920,826
92000 Asset Management Fee	\$68,520							\$68,520	-\$68,520	\$0
92100 Tenant Services - Salaries										
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other	\$27,648							\$27,648		\$27,648
92500 Total Tenant Services	\$27,648	\$0	\$0	\$0	\$0	\$0	\$0	\$27,648	\$0	\$27,648

# Financial Data Schedule

Housing Authority of the City of Lafayette (LA005)  
Lafayette, LA

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.IKE DHAP- IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
93100 Water	\$41,246			\$1,063			\$189	\$42,498		\$42,498
93200 Electricity	\$297,035		\$1,121	\$4,989			\$8,657	\$311,802		\$311,802
93300 Gas	\$7,301		\$1,532		\$0		\$1,048	\$9,881		\$9,881
93400 Fuel										
93500 Labor										
93600 Sewer	\$116,650						\$457	\$117,107		\$117,107
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense				\$655				\$655		\$655
93000 Total Utilities	\$462,232	\$0	\$2,653	\$6,707	\$0	\$0	\$10,351	\$481,943	\$0	\$481,943
94100 Ordinary Maintenance and Operations - Labor	\$325,075			\$22,752				\$347,827		\$347,827
94200 Ordinary Maintenance and Operations - Materials and Other	\$233,781		\$7,462	\$48,627			\$7,520	\$297,390		\$297,390
94300 Ordinary Maintenance and Operations Contracts	\$517,051		\$30,614	\$127,016		\$440	\$26,697	\$701,818		\$701,818
94500 Employee Benefit Contributions - Ordinary Maintenance	\$143,092			\$7,496				\$150,588		\$150,588
94000 Total Maintenance	\$1,218,999	\$0	\$38,076	\$205,891	\$0	\$440	\$34,217	\$1,497,623	\$0	\$1,497,623
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs	\$4,278						\$1,613	\$5,891		\$5,891
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	\$4,278	\$0	\$0	\$0	\$0	\$0	\$1,613	\$5,891	\$0	\$5,891
96110 Property Insurance	\$214,351			\$68,048			\$6,699	\$289,098		\$289,098
96120 Liability Insurance	\$20,141		\$9,633				\$12,917	\$42,691		\$42,691
96130 Workmen's Compensation	\$20,698		\$8,406	\$339			\$11,273	\$40,716		\$40,716
96140 All Other Insurance	\$12,872		\$5,600				\$17,549	\$36,021		\$36,021
96100 Total insurance Premiums	\$268,062	\$0	\$23,639	\$68,387	\$0	\$0	\$48,438	\$408,526	\$0	\$408,526
96200 Other General Expenses	\$635			\$31,388				\$32,023		\$32,023
96210 Compensated Absences	\$41,753		\$23,791				\$24,315	\$89,859		\$89,859
96300 Payments in Lieu of Taxes	\$89,802							\$89,802		\$89,802
96400 Bad debt - Tenant Rents	\$29,957							\$29,957		\$29,957
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$162,147	\$0	\$23,791	\$31,388	\$0	\$0	\$24,315	\$241,641	\$0	\$241,641
96710 Interest of Mortgage (or Bonds) Payable				\$229,965				\$229,965		\$229,965
96720 Interest on Notes Payable (Short and Long Term)	\$22,634							\$22,634		\$22,634
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$22,634	\$0	\$0	\$229,965	\$0	\$0	\$0	\$252,599	\$0	\$252,599
96900 Total Operating Expenses	\$3,271,736	\$0	\$933,304	\$678,456	\$0	\$440	\$775,800	\$5,659,736	\$823,039	\$4,836,697
97000 Excess of Operating Revenue over Operating Expenses	\$919,653	\$0	\$9,062,405	\$22,651	\$0	\$29,637	\$47,671	\$10,082,017	\$0	\$10,082,017

# Financial Data Schedule

Housing Authority of the City of Lafayette (LA005)  
Lafayette, LA

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.IKE DHAP- IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized	\$98,826							\$98,826		\$98,826
97300 Housing Assistance Payments			\$8,606,391					\$8,606,391		\$8,606,391
97350 HAP Portability-In			\$406,647					\$406,647		\$406,647
97400 Depreciation Expense	\$581,882		\$8,063	\$415,733			\$12,576	\$1,018,254		\$1,018,254
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$3,952,444	\$0	\$9,954,405	\$1,094,189	\$0	\$440	\$788,376	\$15,789,854	-\$823,039	\$14,966,815
10010 Operating Transfer In										
10020 Operating transfer Out	\$0							\$0		\$0
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$238,945	\$0	\$41,304	-\$393,082	\$0	\$29,637	\$35,095	-\$48,101	\$0	-\$48,101
11020 Required Annual Debt Principal Payments	\$167,628	\$0	\$0	\$29,917	\$0	\$0	\$0	\$197,545		\$197,545
11030 Beginning Equity	\$8,126,767	\$410,457	\$401,615	\$6,912,037	\$374,048	-\$2,128,194	\$537,616	\$14,634,346		\$14,634,346
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0							\$0		\$0
11050 Changes in Compensated Absence Balance										
11060 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Transition Liability										
11080 Changes in Special Term/Severance Benefits Liability										
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										
11100 Changes in Allowance for Doubtful Accounts - Other										
11170 Administrative Fee Equity			\$405,799					\$405,799		\$405,799
11180 Housing Assistance Payments Equity			\$37,120					\$37,120		\$37,120
11190 Unit Months Available	6852		21960	876				29688		29688
11210 Number of Unit Months Leased	6438		18780	842				26060		26060
11270 Excess Cash	\$1,591,810							\$1,591,810		\$1,591,810
11610 Land Purchases	\$0						\$0	\$0		\$0
11620 Building Purchases	\$673,834						\$0	\$673,834		\$673,834
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$18,177						\$8,274	\$26,451		\$26,451
11650 Leasehold Improvements Purchases	\$0						\$0	\$0		\$0
11660 Infrastructure Purchases	\$0						\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0	\$0		\$0

**Housing Authority of the City of Lafayette**

**Schedule of Compensation, Benefits and Other Payments to Agency Head**

**or Chief Executive Officer**

**For the Year Ended September 30, 2017**

**Yvonda Bean, Executive Director**

<b>Purpose</b>	<b>Amount</b>
Salary	\$112,268
Benefits-insurance	8,294
Benefits-retirement	396
Travel	9,841
Reimbursements	\$5,229

**William Daniel McCaskill, CPA**  
A Professional Accounting Corporation  
415 Magnolia Lane  
Mandeville, Louisiana 70471

Telephone 866-829-0993  
Fax 225-665-1225  
E-mail [danny@highperformer.net](mailto:danny@highperformer.net)

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Lafayette Housing Authority and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Lafayette Housing Authority (Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The Authority's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts**, including receiving, recording, and preparing deposits
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results of procedures performed:**

I reviewed the written policy for each of the above listed functions and noted the following exceptions:

**Receipts** –I suggest the authority modify their procedures to address receipts of Section 8 Port-In and rent recovery transactions.

**Debt Service** – Written policies do not address debt service.

**Management's response/corrective action plan:**

We will revise or adopt written policies/procedures to address the exceptions noted above.

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

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results of procedures performed:**

- a) The board did meet monthly.
- b) The minutes included monthly budget to actual comparisons of the general fund.
- c) Non-budgetary information was included.

**Bank Reconciliations**

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- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

**Results of procedures performed:**

**Management represents that the list is complete.**

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Results of procedures performed:**

- a) Monthly bank reconciliations were prepared by the accounting department.
- b) Exception - There was no evidence that management reviewed each bank reconciliation.
- c) The authority bank reconciliations did include outstanding checks over 6 months old. The authority is in the process of researching these outstanding checks.

**Management's response/corrective action plan:**

**Management will immediately begin reviewing each bank reconciliation.**

## ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

### **Results of procedures performed:**

**Management represents that the list is complete.**

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
  - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
  - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
  - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
    - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
    - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

### **Results of procedures performed:**

- a) No exceptions noted with this testing.
- b) No exceptions noted with this testing
- c) All deposits tested were made within one day of collection.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Results of procedures performed:**

The accounting department ensures completeness for all collections, including electronic transfers, for each revenue source and agency fund additions; however, the authority does not have written policies or procedures describing the procedures for determining completeness of electronic transfers.

**Management's response/corrective action plan:**

We will modify our policies per the auditor's suggestion.

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

---

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

**Results of procedures performed:**

Management represents that the list is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Results of procedures performed:**

- a] No exceptions noted with this testing.
- b] No exceptions noted with this testing.
- c] No exceptions noted with this testing.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**Results of procedures performed:**

There was no documentation in writing that the person responsible for processing payments is prohibited from adding vendors to the authority's purchasing system, although the Executive Director reviews all vendors. I consider the policies and processes in place to be adequate for this authority.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Results of procedures performed:**

No exceptions noted

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Results of procedures performed:**

Unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**Results of procedures performed:**

No exceptions noted.

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

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Results of procedures performed:**

**Management represents that the list is complete.**

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

**Results of procedures performed:**

**a) We performed the above listed procedure and noted no exceptions.**

**b) there were no finance or late charges noted**

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and

report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results of procedures performed:**

**We performed the above listed procedures and noted no exceptions.**

***Travel and Expense Reimbursement***

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**Results of procedures performed:**

**Management represents that the list is complete.**

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Results of procedures performed:**

**No exceptions noted.**

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results of procedures performed:**

**I performed the above listed procedures and noted no exceptions.**

***Contracts***

---

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management’s representation that the listing or general ledger is complete.

**Results of procedures performed:**

**We obtained the listing of contracts.**

**Management represents that the list is complete.**

21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
  - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Results of procedures performed:**

**a] there is a formal/written contract that supports the services arrangement and the amount paid for each contract I tested.**

**b] Two of the five contracts I tested were subject to Louisiana Public Bid Law. Bids were obtained for all 5 of the contracts tested.**

**c] One contract included 2 approved change orders totaling \$14,074. The original contract amount was \$448,985.**

**d] I selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and confirmed that the invoice and related payment complied with the terms and conditions of the contract.**

**e] The board approved all contracts that required their approval.**

**Payroll and Personnel**

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Results of procedures performed:**

**Management provided me a list of employees and represents that the list is complete.**

**a] I tested 5 employees compensation during the period and confirmed that payments were made in strict accordance with the terms and conditions of the pay rate structure.**

**b] I performed the above listed procedures and noted no exceptions.**

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**Results of procedures performed:**

- a] The selected employees documented their daily attendance and leave.**
- b] There is written documentation that a supervisor approved the attendance and leave of the selected employees/officials.**
- c] There is written documentation that the entity maintained written leave records on those selected employees that earned leave.**

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Results of procedures performed:**

**Management provided me a list of terminated employees and represents that the list is complete. No exceptions were noted in the above test.**

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Results of procedures performed:**

No exceptions were noted in the above test.

***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**Results of procedures performed:**

I reviewed ethics training certificates for each of the 5 employees selected and noted no exceptions.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Results of procedures performed:**

Management represents that no alleged ethics violations were reported to them during the period.

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

**Results of procedures performed:**

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**Results of procedures performed:**

The authority made all scheduled debt service payments. There are no debt covenants requiring debt reserves.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**Results of procedures performed:**

**Not applicable.**

*Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Results of procedures performed:**

**Management represents that they are not aware of any misappropriation of public funds or assets.**

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results of procedures performed:**

**The notice is properly posted.**

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

**Results of procedures performed:**

**No exceptions noted**

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation  
Mandeville, Louisiana

January 25, 2018

**William Daniel McCaskill, CPA**  
A Professional Accounting Corporation  
415 Magnolia Lane  
Mandeville, Louisiana 70471

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Telephone 866-829-0993  
Fax 225-665-1225  
E-mail danny@highperformer.net

Member of  
Louisiana Society of CPA's  
American Institute of CPA's

**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 Lafayette**  
Lafayette, 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 Housing Authority of the City of Lafayette, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated January 25, 2018. My report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in my report on the Housing Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

## **HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**

Lafayette, Louisiana

Report on Internal Control... *Government Auditing Standards*, 2017

Page Two

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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

January 25, 2018

**William Daniel McCaskill, CPA**  
**A Professional Accounting Corporation**  
**415 Magnolia Lane**  
**Mandeville, Louisiana 70471**

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Telephone 866-829-0993  
Fax 225-665-1225  
E-mail [danny@highperformer.net](mailto:danny@highperformer.net)

Member of  
Louisiana Society of CPA's  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners  
**Housing Authority of the City of Lafayette**  
Lafayette, Louisiana

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

I have audited the Housing Authority of the City of Lafayette's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the authority's major federal programs for the year ended September 30, 2017. The authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of the Authority's 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 Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

## HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Report on Compliance... Uniform Guidance, 2017

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

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

In my opinion, the authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

### **Report on Internal Control Over Compliance**

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

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

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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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

January 25, 2018

**Housing Authority of the City of Lafayette**  
Lafayette, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2017

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
<b>U.S. Department of Housing and Urban Development:</b>		
Direct Programs:		
Low Rent Public Housing	14.850a	\$ 1,893,847
Housing Choice Voucher Program	14.871	9,532,264
Public Housing Capital Fund Program	14.872	796,722
Total Federal Expenditures		<u>\$ 12,222,833</u>

See accompanying notes to schedule of expenditures of federal awards.

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
Lafayette, Louisiana

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2017

**NOTE A—Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**NOTE B—Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – Relationship to Basic Financial Statements**

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

Federal grants	\$ 11,543,399
Capital contributions	<u>679,434</u>
	\$ 12,222,833

**NOTE D – 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 GAAP.

**NOTE E- FEDERAL AWARDS**

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 9814, "federal awards" do not include the authority's operating income from rents or investments (or other Non-federal sources). In addition, the entire amount of operating subsidy received and/or accrued during the fiscal year is considered to be expended during the fiscal year.

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
Lafayette, Louisiana

Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2017

**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 \_\_\_X\_\_\_no
- Significant deficiency(ies) identified? \_\_\_\_\_yes \_\_\_X\_\_\_none reported

Noncompliance material to financial statements noted? \_\_\_\_\_yes \_\_\_X\_\_\_no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes \_\_\_X\_\_\_no
- Significant deficiency(ies) identified? \_\_\_\_\_yes \_\_\_X\_\_\_none reported

Type of auditor's report issued on compliance for Major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) \_\_\_\_\_yes \_\_\_X\_\_\_no

Identification of major federal programs:

CFDA	Name of Federal Program
14.871	Housing Choice Voucher Program

The dollar threshold used for distinguishing between Type A and B programs was \$750,000.

# HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Schedule of Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2017

Auditee qualified as a low-risk auditee?                        X   yes           no

## **SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

## **SECTION III - FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
Lafayette, Louisiana

Schedule of Prior Year Audit Findings  
Fiscal Year Ended September 30, 2017

There were no findings in the prior audit.

**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE**  
Lafayette, Louisiana

Schedule of Compensation Paid to Board Members  
Fiscal Year Ended September 30, 2017

The members of the Board of Commissioners serve without compensation.