

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

**Financial Statements
And Supplementary Information**

For the Year Ended September 30, 2021

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

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

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For the Year Ended September 30, 2021

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1901 Sampson Street
Westlake, La. 70669
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Independent Auditor's Report

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

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

I have audited the accompanying basic financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of The City of Lake Charles as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of The City of Lake Charles as of September 30, 2021, and the changes in financial position and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have issued my report dated March 1, 2022 on my consideration of the Housing Authority of The City of Lake Charles' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards in considering the Housing Authority of Lake Charles' internal control over financial reporting and compliance*.

Required Supplementary Information

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

Other Information

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

William V. Trimm, CPA Trimm Consulting, APAC March 1, 2022

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

September 30, 2021

(Unaudited)

We, the management of the Housing Authority of The City of Lake Charles, present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ended September 30, 2021. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities at September 30, 2021 by \$26,392,563.
- Of this amount, \$17,521,528 of unrestricted net position may be used to meet the Housing Authority's ongoing obligations to citizens and creditors.
- The remainder of \$ 8,871,035 represents the net amount invested in land, building, furnishings, leasehold improvements, and equipment of \$ 8,587,905 and restricted cash and investments of \$ 283,130.
- The Housing Authority's total net position decreased by \$ 1,397,610, a 5.03% decrease from fiscal year 2020.

USING THIS ANNUAL REPORT

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

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

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

Housing Authority of The City of Lake Charles, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2021

(Unaudited)

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

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

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

FINANCIAL ANALYSIS
Fund Financial Statements

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

Housing Authority of The City of Lake Charles, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2021
(Unaudited)

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

Notes to the Financial Statements

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

Statement of Net Position

The following table represents a condensed Statement of Net Position as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Current Assets	\$ 14,772,085	\$ 11,528,648
Restricted Assets	1,372,408	2,155,549
Long-Term Assets	7,491,564	15,649,600
Fixed Assets	<u>11,575,783</u>	<u>11,852,129</u>
Total Assets	<u>\$ 35,211,840</u>	<u>\$ 41,185,926</u>
Current Liabilities	\$ 5,673,905	\$ 2,565,787
Current liabilities payable for restricted assets	68,391	179,631
Non-current Liabilities	<u>3,076,981</u>	<u>10,650,335</u>
Total Liabilities	<u>8,819,277</u>	<u>13,395,753</u>
Net Position:		
Invested in capital assets	8,587,905	8,675,571
Restricted net position	283,130	828,616
Unrestricted net position	<u>17,521,528</u>	<u>18,285,986</u>
Total Net Position	<u>26,392,563</u>	<u>27,790,173</u>
Total Liabilities and Net Position	<u>\$ 35,211,840</u>	<u>\$ 41,185,926</u>

continued

**Housing Authority of The City of Lake Charles, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2021
(Unaudited)**

Statement of Net Position (Continued)

As noted earlier, net position may serve over time as a useful indicator of the improvement or deterioration of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by approximately \$26,392,563 at September 30, 2021 and \$27,790,173 at September 30, 2020.

The Housing Authority's investments in capital assets (e.g. buildings, machinery, and equipment) account for 32.54 % of its net position. The Housing Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net position of the Housing Authority is available for future use to provide program services.

Statement of Revenues, Expenses and Changes in Net Position

The following table represents a condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Dwelling rental and other	\$ 1,023,651	\$ 2,211,186
Interest Earnings	201,442	263,258
Federal grant	<u>8,530,640</u>	<u>11,047,824</u>
Total Operating Revenues	9,755,733	13,522,268
Operating Expenses		
Administration	1,203,963	926,030
Salaries	1,062,397	1,088,785
Employee Benefits	485,735	458,918
Tenant service	18,475	23,808
Utilities	303,821	269,544
Ordinary maintenance and operations	762,265	1,036,668
Loss on disposition of assets	5,567	279,440
General expenses	30,840	148,699
Interest expense	101,116	122,952
Insurance	788,315	862,329
Housing assistance payments	6,086,708	7,401,591
Depreciation	<u>1,046,556</u>	<u>1,026,468</u>
Total Operating Expenses	<u>11,895,758</u>	<u>13,645,232</u>

continued

Housing Authority of The City of Lake Charles, Louisiana

**Management's Discussion and Analysis (MD&A) (Un-audited)
September 30, 2021**

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

	<u>2021</u>	<u>2020</u>
Net Income (Loss) before Capital Contributions and Transfers	(\$ 2,140,025)	(122,964)
Capital Contributions and Transfers	<u>742,415</u>	<u>324,042</u>
Net increase (decrease) in net position	<u>(\$ 1,397,610)</u>	<u>\$ 201,078</u>

The net position of the Housing Authority decreased by \$ 1,397,610 and increased by \$ 201,078 during the years ended September 30, 2021 and 2020 respectively. The Housing Authority's revenues are derived primarily from dwelling rental income and various HUD programs.

SIGNIFICANT CHANGES BETWEEN FY 2021 and FY 2020

The Lake Charles Housing Authority has been in recover mode in 2021. The LCHA endured Hurricane Laura (DR-4559-LA) and Hurricane Delta (DR-4570-LA) in the last quarter of the fiscal year ending September 30, 2020. The LCHA suffered (2) additionally Presidentially-Declared Disasters, Ice Storm (4590-DR-LA), May Flood (4606-DR-LA), and another smaller flood which was not a declared disaster but flooded (3) of our properties.

Prior to the storm the LCHA was at 95% occupancy in all programs. For this fiscal year the LCHA is at approximately 40% occupancy due to uninhabitable dwellings.

Likewise, our LIHTC properties and our conventional property Greinwich Village Homes suffered the same fate.

Our Housing Choice Voucher Program was on a normal High Performance in 2020 to a low utilization rate of 32% during the beginning of FYE 09/30/21. Our Voucher program went from a low of 679 leased unites on 1/1/2021 to 810 leased units as of 09/30/2021. This translates to an increase of 131 leased units in 9 months. As the private sector Landlords get more units online going forward we believe that this will increase substantially.

The path forward is going to be a very steep hill to climb. We have procured and have under contract a FEMA Consultant, DCMB Partners, and a Public Adjuster, D.A. Lamont Public Adjusters to help us evaluate our claims with respect to property damage. Our FEMA consultant tells us that under the FEMA rules and regulations the LCHA is eligible for reimbursement of our deductible and that portion of our cost to return our properties to codes and standards. Our Public Adjuster had added a minimum of 25% to our replacement cost values by the insurance company adjusters.

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

September 30, 2021

(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2021, the Housing Authority's investment in capital assets for its business-type activities was approximately \$ 11,575,783 (net of accumulated depreciation) compared to \$ 11,852,129 as of September 30, 2020, a decrease of \$ 276,346 or 2.33%.

	<u>2021</u>	<u>2020</u>
Land	\$ 2,246,850	\$ 2,246,850
Buildings and Improvements	34,672,830	33,945,027
Furniture, equipment and machinery	830,912	1,007,795
Accumulated Depreciation	<u>(26,174,809)</u>	<u>(25,347,543)</u>
Total	<u>\$ 11,575,783</u>	<u>\$ 11,852,129</u>

Debt

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. HUD has already approved the Budgets for 2021/2020.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

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

ENTERPRISE FUNDS
Statement of Net Position

September 30, 2021

	General	Section 8	Management	Elimination	Total Primary Government
ASSETS					
Current assets					
Cash	\$ 5,033,795	\$ 293,060	\$ 447,141	\$ -	\$ 5,773,996
Investments	4,190,448	2,686,351	118,095	-	6,994,894
Accrued interest receivable	968,566	-	9	-	968,575
Accounts receivable, net	233,522	125,701	186,616	-	545,839
Interfund receivable	1,267,313	182,280	-	(1,449,593)	-
Inventory	69,989	-	8,249	-	78,238
Prepaid items and other assets	320,572	27,159	62,812	-	410,543
Total current assets	12,084,205	3,314,551	822,922	(1,449,593)	14,772,085
Restricted assets					
Cash-restricted	731,405	572,612	-	-	1,304,017
Security deposits	55,200	-	13,191	-	68,391
Investments - restricted	-	-	-	-	-
Total restricted assets	786,605	572,612	13,191	-	1,372,408
Capital assets, net					
Land	1,547,059	-	699,791	-	2,246,850
Buildings and equipment, net	5,468,670	-	3,860,263	-	9,328,933
Total capital assets, net	7,015,729	-	4,560,054	-	11,575,783
Notes, Loans & Mtgs. Receivable					
Notes, Loans & Mtgs. Receivable	6,690,564	-	801,000	-	7,491,564
Total Notes, Loans & Mtgs. Receivable	6,690,564	-	801,000	-	7,491,564
Total non-current assets	14,492,898	572,612	5,374,245	-	19,067,347
TOTAL ASSETS	\$ 26,577,103	\$ 3,887,163	\$ 6,197,167	\$ (1,449,593)	\$ 35,211,840

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

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

ENTERPRISE FUNDS
Statement of Net Position

September 30, 2021

LIABILITIES AND NET POSITION	General	Section 8	Management	Elimination	Total Primary Government
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 86,457	\$ -	\$ 1,607	\$ -	\$ 88,064
Interfund payable	944,954	504,175	464	(1,449,593)	-
Other current liabilities	-	1,946	-	-	1,946
Unearned Revenue	3,796,846	168,024	369,987	-	4,334,857
Accts. Payable-HUD/Other Government	743,531	184,284	26,613	-	954,428
Current portion of L/T Debt	-	-	253,294	-	253,294
Current portion of compensated absences	33,396	6,768	1,152	-	41,316
Total current liabilities	5,605,184	865,197	653,117	(1,449,593)	5,673,905
Current liabilities payable from current restricted assets					
Deposits due others	55,200	-	13,191	-	68,391
Noncurrent liabilities					
L/T Debt-Net of Current	-	-	2,731,584	-	2,731,584
Compensated absences payable	300,565	34,465	10,367	-	345,397
Total liabilities	5,960,949	899,662	3,408,259	(1,449,593)	8,819,277
NET POSITION					
Investment in capital assets	7,015,729	-	1,572,176	-	8,587,905
Restricted	-	283,130	-	-	283,130
Unrestricted	13,600,425	2,704,371	1,216,732	-	17,521,528
Net Position	20,616,154	2,987,501	2,788,908	-	26,392,563
TOTAL LIABILITIES and NET POSITION	\$ 26,577,103	\$ 3,887,163	\$ 6,197,167	\$(1,449,593)	\$ 35,211,840

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

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana
ENTERPRISE FUNDS
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2021

	General	Section 8	Management	Total Primary Government
OPERATING REVENUES				
Net Tenant Rental Revenue	\$ 406,621	\$ -	\$ 364,392	\$ 771,013
Other Revenue and Fees	20,100	227,779	4,759	252,638
Total operating revenues	<u>426,721</u>	<u>227,779</u>	<u>369,151</u>	<u>1,023,651</u>
OPERATING EXPENSES				
Administration	268,051	874,219	61,693	1,203,963
Salaries	550,829	440,821	70,747	1,062,397
Employee benefits	235,794	215,893	34,048	485,735
Tenant services	-	18,475	-	18,475
Utilities	293,246	-	10,575	303,821
Ordinary maintenance and operations	669,799	15,704	76,762	762,265
Insurance	607,385	61,485	119,445	788,315
Interest	-	-	101,116	101,116
General expenses	-	30,840	-	30,840
Housing assistance payments	-	6,086,708	-	6,086,708
Depreciation	927,011	324	119,221	1,046,556
Total operating expenses	<u>3,552,115</u>	<u>7,744,469</u>	<u>593,607</u>	<u>11,890,191</u>
	<u>(3,125,394)</u>	<u>(7,516,690)</u>	<u>(224,456)</u>	<u>(10,866,540)</u>
Nonoperating revenues (expenses)				
Interest earnings	193,174	4,220	4,048	201,442
Casualty Losses	-	-	-	-
Gain (loss) on disposition of capital assets	(6,514)	947	-	(5,567)
Federal grants	1,964,402	6,566,238	-	8,530,640
Total nonoperating revenues (expenses)	<u>2,151,062</u>	<u>6,571,405</u>	<u>4,048</u>	<u>8,726,515</u>
Net income (loss) before transfers and contributions	(974,332)	(945,285)	(220,408)	(2,140,025)
Transfers	(29,746)	-	-	(29,746)
Capital contributions	772,161	-	-	772,161
Change in net position	(231,917)	(945,285)	(220,408)	(1,397,610)
NET POSITION AT BEGINNING OF YEAR	<u>20,848,071</u>	<u>3,932,786</u>	<u>3,009,316</u>	<u>27,790,173</u>
NET POSITION AT END OF YEAR	<u>\$ 20,616,154</u>	<u>\$ 2,987,501</u>	<u>\$ 2,788,908</u>	<u>\$ 26,392,563</u>

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

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

ENTERPRISE FUNDS
Statement of Cash Flows

For the Year Ended September 30, 2021

	General	Section 8	Management	Total Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES				
Rental receipts	\$ 406,621	\$ -	\$ 364,392	\$ 771,013
Payments to vendors	(1,200,142)	(881,905)	(369,591)	(2,451,638)
Payments to employees	(786,623)	(546,007)	(104,795)	(1,437,425)
Insurance	3,796,847	-	369,987	4,166,834
Other receipts (payments)	15,459	227,779	4,759	247,997
Payments to private landlords	-	(6,335,241)	-	(6,335,241)
Net cash provided by (used in) operating activities	<u>2,232,162</u>	<u>(7,535,374)</u>	<u>264,752</u>	<u>(5,038,460)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal Grants	1,609,126	7,334,775	-	8,943,901
Net cash provided by (used in) noncapital financing activities	<u>1,609,126</u>	<u>7,334,775</u>	<u>-</u>	<u>8,943,901</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	772,161	-	-	772,161
Purchase (sale) of capital assets	(771,158)	947	-	(770,211)
Net cash provided by (used in) capital and related financing activities	<u>1,003</u>	<u>947</u>	<u>-</u>	<u>1,950</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments				
Purchase of investments	(2,850)	(3,566)	(104,453)	(110,869)
Interest and dividends received	193,174	4,220	4,048	201,442
Net cash provided by (used in) investing activities	<u>190,324</u>	<u>654</u>	<u>(100,405)</u>	<u>90,573</u>
Net increase (decrease) in cash and cash equivalents	4,032,615	(198,998)	164,347	3,997,964
Cash and cash equivalents at beginning of year	<u>1,787,785</u>	<u>1,064,670</u>	<u>295,985</u>	<u>\$ 3,148,440</u>
Cash and cash equivalents at end of year	<u>\$ 5,820,400</u>	<u>\$ 865,672</u>	<u>\$ 460,332</u>	<u>\$ 7,146,404</u>

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

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

ENTERPRISE FUNDS
Statement of Cash Flows

For the Year Ended September 30, 2021

	General	Section 8	Management	Total Primary Government
RECONCILIATION OF OPERATING INCOME				
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (3,125,394)	\$ (7,516,690)	\$ (224,456)	\$ (10,866,540)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	927,011	324	119,221	1,046,556
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(125,361)	(16,813)	(115,744)	(257,918)
(Increase) decrease in interfund receivables	(20,376)	(131,373)	-	(151,749)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid items	(46,566)	(1,348)	(8,153)	(56,067)
(Increase) decrease in accounts payable	(41,799)	-	(3,492)	(45,291)
Increase (decrease) in other liabilities	3,647,445	33,150	135,241	3,815,836
Increase (decrease) in interfund payables	999,994	101,630	361,554	1,463,178
Increase (decrease) in compensated absences	17,208	(4,254)	581	13,535
Net cash provided by (used in) operating activities	\$ 2,232,162	\$ (7,535,374)	\$ 264,752	\$ (5,038,460)
Reconciliation of cash and cash equivalents at end of year to Balance Sheet presentation:				
Cash-unrestricted	\$ 5,033,795	\$ 293,060	\$ 447,141	\$ 5,773,996
Cash-restricted	731,405	572,612	-	1,304,017
Security deposits	55,200	-	13,191	68,391
Cash and cash equivalents at end of year	\$ 5,820,400	\$ 865,672	\$ 460,332	\$ 7,146,404

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

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

Notes to Basic Financial Statements

September 30, 2021

Note 1 - Organization and Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

continued

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

Notes to Basic Financial Statements

September 30, 2021

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

A. Financial Reporting Entity (Continued)

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

A brief description of the various programs is as follows:

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

Housing Choice Vouchers (FW-2228V) – 1984 units
Moderate Rehab (FW-2074) – 70 units

continued

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

Notes to Basic Financial Statements

September 30, 2021

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

A. Financial Reporting Entity (Continued)

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

B. Funds

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

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

continued

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

Notes to Basic Financial Statements

September 30, 2021

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

C. Measurement Focus and Basis of Accounting

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

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

continued

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

Notes to Basic Financial Statements

September 30, 2021

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

D. Budgets

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

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. The Authority considers all highly liquid financial instruments purchased with an original maturity of 90 days or less when purchased to be cash equivalents. The Authority had no cash equivalents at September 30, 2021.

F. Investments

Investments are limited by LSA-R.S. 33:2955 and the Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments included certificates of deposit, a money market account, and LAMP investments. The total of all investments was \$ 6,994,894. The CD's are measured at cost plus accrued interest. The LAMP investment balance is stated at fair value. See Note 2 for more detail on investment risk.

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

Notes to Basic Financial Statements

September 30, 2021

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

G. Receivables/Payables

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

H. Inventory

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

I. Prepaid Items

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

J. Restricted Assets

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

K. Capital Assets

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

continued

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

Notes to Basic Financial Statements

September 30, 2021

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

K. Capital Assets (continued)

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

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

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

L. Long-Term Debt

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
			2,657,161
2021	62,365	26,754	2,594,796
2022	255,874	100,601	2,338,922
2023	266,455	90,020	2,072,467
2024	277,475	79,000	1,794,992
2025	288,950	67,525	1,506,042
Thereafter	<u>1,506,042</u>		
Total	\$ 2,657,161	Total	\$ 363,900

The current portion of this debt that is due as of 9-30-21 is \$ 253,294.

An additional loan was obtained from Jeff Davis Bank for \$ 322,000. This loan was made to fund the development of a low-income housing project known as Booker T. Washington Homes in Lake Charles, Louisiana. The loan shall bear interest at 0.25% per annum, compounded annually and shall be due and payable on the forty-first (41st) anniversary of the date of the original loan, which will be September 11, 2055. The current note payable balance is \$ 327,717, which includes \$ 5,717 in accrued interest.

In 2020, the LCHA sold 233 units and their leasehold improvements to the CCM tax credit partnership. They entered into a 99 year ground lease for the land for \$ 10 a year. As of 9/30/2020 the sale was recorded at the discounted present value of the note resulting in the recording of a note receivable in the amount of \$ 9,420,000 and the recording of a note receivable discount in the amount of \$ 7,379,657. The difference of \$ 2,040,343 was set up to be amortized over the 40 year term of the note at an annual interest rate of 4 %. As of 9/30/21 the discount was netted against the note receivable leaving the amount to be amortized at \$ 2,121,956 (the increase in the amortizable amount being \$ 81,613.70 in accrued interest).

continued

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

Notes to Basic Financial Statements
September 30, 2021

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

M. Compensated Absences

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

N. Restricted Net Position

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

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

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

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

continued

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

Notes to Basic Financial Statements

September 30, 2021

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

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

P. Component Use of Accounting Standards

The component unit referred to in Note 15 of the disclosures uses nongovernmental accounting standards as it relates to its reporting of the financial information on the nonprofit.

Note 2- Deposits and Investments-

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

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The balances of the *demand deposits* with financial institutions on September 30, 2021 was \$ 7,146,404. Of this amount \$ 750,000 is totally insured by FDIC insurance. Of the remaining balance of \$ 6,396,404 \$ 2,478,669 was secured by collateral held by the pledging financial institution agent in the name of the pledging financial institutions and pledged to the Housing Authority of The City of Lake Charles. However, \$ 3,917,735 was not secured by collateral held by the pledging financial institution. This is noted as finding # 2021-001. See page # 48.

continued

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

September 30, 2021

Note 2-Deposits and Investments-continued

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

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

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

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

Money Market Account Balance: \$ 538,863 (insured by FDIC and pledged securities)

Louisiana Asset Management Pool Balance: The investments of \$ 6,209,471 in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP is not registered with the SEC as an investment company.

Certificates of Deposit Balances: (insured by FDIC)

	<u>Maturity</u>	<u>Interest Rate</u>	
Certificate of Deposit	9/27/21	.350%	\$ 128,465
Certificate of Deposit	11/7/21	.050%	<u>\$ 118,095</u>
Total Current			\$ 246,560

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

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

Notes to Basic Financial Statements
September 30, 2021

Note 3 - Accounts Receivable

The accounts receivable at September 30, 2021 are as follows:

<u>Class of Receivable</u>	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Total</u>
Tenants	\$ 150,808	4,004	62,944	\$ 217,756
A/R-Miscellaneous	65,714	341	123,672	\$ 189,727
Accr. Int. Receivable	968,566		9	\$ 968,575
A/R-HUD/Other Projects	<u>31,000</u>	<u>121,356</u>		<u>\$ 152,356</u>
Totals	\$ 1,216,088	\$ 125,701	\$ 186,625	\$ 1,528,414

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

Note 4 – Prepaid Items

Prepaid items as of September 30, 2021 consisted of prepaid insurance of \$ 410,543.

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

	<u>9/30/2020</u>			<u>9/30/2021</u>
	<u>Cost</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Cost</u>
Land	\$ 2,246,850	\$ -	\$ -	\$ 2,246,850
Building and Improvements	33,945,027	727,803	-	34,672,830
Furniture, equip., and machinery	1,007,795	-	176,883	830,912
	<u>\$ 37,199,672</u>	<u>\$ 727,803</u>	<u>\$ 176,883</u>	<u>37,750,592</u>
Accumulated depreciation:				
Balance 09/30/20				25,347,543
Current year depreciation				1,046,556
Current year dispositions				<u>(219,290)</u>
Balance 09/30/21				<u>26,174,809</u>
Capital assets, net of accumulated depreciation				<u>\$ 11,575,783</u>

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

Notes to Basic Financial Statements

September 30, 2021

Note 6 – Inter-fund Receivables/Payables

The following schedule reports receivables and payables within the reporting entity at September 30, 2021:

	<u>Receivables</u>	<u>Payables</u>
General		
Central Office Clearing	1,267,313	-
Housing Choice Vouchers	130,013	-
	<u>1,397,326</u>	<u>-</u>
Section 8		
14.HCC HCV Cares Act	-	204,047
14.PHC Public Housing Cares	-	150,702
14.IKE	406	-
14.CCC Central Office	-	97,693
General-AMP's	-	944,954
Housing Choice Vouchers	-	51,733
Moderate Rehab	51,861	-
	<u>52,267</u>	<u>1,449,129</u>
Management		
Housing Choice Vouchers	-	464
	<u>-</u>	<u>464</u>
Totals	<u>\$ 1,449,593</u>	<u>\$ 1,449,593</u>

Note 7 - Accounts Payable

The accounts payable at September 30, 2021 are as follows:

<u>Class of Payable</u>	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Total</u>
Vendors	\$ 86,457	\$ -	\$ 1,607	\$ 88,064
Unearned Revenue-Ins.Proc	\$ 3,796,846	\$ 168,024	\$ 369,987	\$ 4,334,857
Accts. Payable-Other Govt.	743,531	184,284	26,613	\$ 954,428
Other Liabilities	-	1,946	-	\$ 1,946
	<u>\$ 4,626,834</u>	<u>\$ 354,254</u>	<u>\$ 398,207</u>	<u>\$ 5,379,295</u>

The \$ 743,531 represents funds loaned to the tax credit entities that will be paid back to HUD. HUD approved this transaction before it occurred.

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana
Notes to Basic Financial Statements
September 30, 2021

Note 8 – General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended September 30, 2021, which consisted of, compensated absences:

Balance, beginning	\$ 335,861
Net Changes	<u>9,536</u>
Balance, ending	<u><u>\$ 345,397</u></u>
Amounts due in one year	<u><u>\$ 41,316</u></u>

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

Note 9 – Retirement Plan

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

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

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

The Authority's total salaries and employee benefits for the year ended September 30, 2021 was \$1,548,132. The Authority's retirement contributions were calculated using an average base salary amount of \$1,347,694. The Authority made the required contributions of \$116,172 for the year ended September 30, 2021.

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

Notes to Basic Financial Statements

September 30, 2021

Note 10 - Contingencies and Commitments

Litigation At September 30, 2021, the Authority was involved in a variety of litigation. It is the opinion of the legal advisor of the Authority that this litigation would not have a material effect on the financial statements and that any potential liability would be covered by insurance.

Note 11 – Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12 - Management Agreement

In July 2001 the Authority received approval from the United States Department of Housing and Urban Development (HUD) to become the management agent of Willow Manor. The Authority will have the duty of maintaining, servicing, repairing, promoting, publicizing, operating, and managing a housing complex owned by Willow Manor, Inc. The management fee set forth and approved by HUD, is 8.9% of residential income collected. Management fee income for the year was \$ 2,150.

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

The Department of Housing and Urban Development provided \$ 8,530,640 to the Authority, which represents approximately 87.44% of the Authority's total revenue for the year.

The Authority's operations are concentrated in the public housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay the related cost, including additional administrative burden, to comply with a change.

Note 14- COVID 19

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

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

Note 15- Hurricane(s) Laura and Delta

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

The main headquarters of the LCHA was severely damaged and still had not been repaired as of the issuance of this report. Many tenant homes were destroyed. Tenants had to be re-located. A modular office has been set up as the main headquarters while repairs are made to the administrative building.

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

Insurance claims totaling over \$ 13,720,000 have been filed and received. A lack of experienced, available contractors and/or building supplies in the areas affected by the hurricanes has slowed down the re-building process. A Public Adjuster has been hired to help facilitate insurance claims. Additionally, DCMC Partners, a FEMA reimbursement consultant, has been hired to help LCHA obtain FEMA funding that is due, to include reimbursements for deductibles paid out. Contracts have been awarded for re-roofing Woodway Park, a complete re-build of Willow Manor, and re-roofing Greinwich Village Homes. The process of bidding out interior work in the tenant housing is also underway.

Note 16 – Financing of Note Receivable/Related Party Transactions

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

<u>Entity</u>	<u>Mortgage</u>	<u>Term</u>	<u>Int.Rate</u>	<u>Maturity</u>
Booker T. Washington	\$ 322,000	40 yrs	.25%	9/11/2055
Booker T. Washington	\$ 160,000	40 yrs	2.00%	1/04/2053
Booker T. Washington	\$ 1,328,138	40 yrs	4.00%	1/04/2053
Kingsley Court	\$ 1,508,404	40 yrs	2.00%	12/31/2052
Bayou Bluff	\$ 1,732,066	40 yrs	2.00%	12/31/2052
High School Park	\$ 319,000	35 yrs	0.00%	12/28/2050
CCM Tax Credit Partner	\$ 2,121,956	40 yrs	4.00%	09/30/2058
Total Notes Receivable	<u>\$ 7,491,564</u>			

In 2020 LCHA sold 233 units to the CCM tax credit partnership on October 1, 2019. They entered into a 99 year ground lease for the land for \$ 10 a year. They also sold the improvements to these units. This transaction resulted in a note of \$ 9,420,000 with no interest, payable in 40 years based on cash flow. The sale was recorded at the discounted present value of the note, assuming no payments until the end of the 40th year. The discounted rate used was 4%. In 2021 the note receivable and the discounted note were netted which resulted in a note receivable balance from the CCM Tax Credit Partner of \$ 2,121,956.

Note 17 – Discrete presentation of Component Unit of LCHA

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

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

Income generated through the nonprofit includes commercial rental paid by LCHA to the nonprofit for the building(s) that were transferred. Interest generated from the investments transferred is also reflected in the statement of revenues, expenses and changes in net position.

Lake Charles Non-Profit Housing Development Corporation Lake Charles, Louisiana Component Unit Statement of Net Position September 30, 2021	Lake Charles Non-Profit Housing Development Corporation Lake Charles, Louisiana Component Unit Statement of Revenues, Expenses, and Changes in Net Position September 30, 2021
ASSETS	OPERATING INCOME
Cash and Cash Equivalents	Other Revenue
\$ 897,826	\$ 247,823
Prepays	Interest-investments
39,567	<u>41,116</u>
Accts.Receivable	
3,108,643	
Accrued Interest Receivable	
366,452	
Investments	
<u>810,655</u>	
Total current assets	Net income
\$ 5,223,143	<u>\$ 288,939</u>
CAPITAL ASSETS, net	OPERATING EXPENSES
Land	Auditing fees
\$ 570,496	\$ 3,453
Property and equipment, net of accumulated depreciation	Legal
<u>248,271</u>	175
Total Capital Assets	Utilities
\$ 818,767	51,194
Notes, Loans & Mgs.Receivable	Maintenance
<u>\$ 1,854,321</u>	22,253
Total Notes, Loans & Mgs. Receivable	Other
\$ 1,854,321.0	1,215
TOTAL ASSETS	Insurance
<u>\$ 7,896,231</u>	<u>60,817</u>
CURRENT LIABILITIES	Depreciation
Accounts Payable	\$ 20,769
\$ 875	
Accrued Interest Payable	
7,242	
Unearned Revenue	
<u>393,817</u>	
Total Liabilities	Total Operating Expenses
\$ 401,934	\$ 159,876
LONG-TERM LIABILITIES	Change in Net Position
Long-term debt	\$ 129,063
<u>\$ 500,000</u>	
Total long-term debt	
\$ 500,000	
NET POSITION	NET POSITION AT BEGINNING OF YEAR
Restricted	\$ 6,805,111
-	Prior Period Adjustments, Equity Transfers
Net investment in Capital Assets	60,123
818,767	
Unrestricted	
<u>6,175,530</u>	
Net Position	NET POSITION AT END OF YEAR
<u>6,994,297</u>	\$ 6,994,297
TOTAL LIABILITIES & NET POSITION	
<u>\$ 7,896,231</u>	

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

SUPPLEMENTARY INFORMATION

Statement & Certification of Actual Modernization Cost

Financial Data Schedule

Schedule of Compensation, Benefits & Other Payments to CEO

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

September 30, 2021

1. The Actual Modernization Costs are as follows:

	<u>(2018) Capital Fund</u>	<u>(2019) Capital Fund</u>
Funds approved	\$ 1,875,007	\$ 1,691,834
Funds expended	\$ (1,083,901)	\$ (267,046)
Funds left to spend	\$ 791,106	\$ 1,424,788
	<u>(2020) Capital Fund</u>	<u>(2021) Capital Fund</u>
Funds approved	\$ 1,386,546	\$ 1,453,948
Funds expended	\$ (137,886)	\$ (14,000)
Funds left to spend	\$ 1,248,660	\$ 1,439,948

2. The distribution of costs by project as shown on the Statements of Modernization Costs accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.
- 4) The 2017 Capital Fund was closed out during the audit period ended September 30, 2021.

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana
FINANCIAL DATA SCHEDULE
For the Year Ended September 30, 2021

Account Description	14.850	14.871	Business Activities	Elimination	14.HCC HCV Care Act Funding
	Low Rent Public Housing	Housing Choice Vouchers			
Cash-Unrestricted	\$5,033,795	\$170,350	\$447,141	\$0	\$0
Cash-Other restricted	\$731,405	\$0	\$0	\$0	\$318,368
Cash-Tenant Security Deposits	\$55,200	\$0	\$13,191	\$0	\$0
Total Cash	\$5,820,400	\$170,350	\$460,332	\$0	\$318,368
Accounts Receivable-PHA Projects	\$0	\$4,004	\$0	\$0	\$0
Accounts Receivable-HUD Other Projects	\$17,000	\$0	\$0	\$0	\$0
Accounts Receivable-Other Government	\$0	\$0	\$0	\$0	\$0
Accounts Receivable-Miscellaneous	\$65,714	\$0	\$123,672	\$0	\$0
Accounts Receivable-Tenants-Dwelling Rents	\$157,464	\$0	\$65,365	\$0	\$0
Allowance for Doubtful Accounts-Tenants	(\$6,656)	\$0	(\$2,421)	\$0	\$0
Notes, Loans, & Mortgages Receivable-Current	\$0	\$0	\$0	\$0	\$0
Fraud Recovery	\$0	\$316,426	\$0	\$0	\$0
Allowance for Doubtful Accounts-Fraud	\$0	(\$316,426)	\$0	\$0	\$0
Accrued Interest Receivable	\$968,566	\$0	\$9	\$0	\$0
Total Receivables, net of allowance for doubtful accour	\$1,202,088	\$4,004	\$186,625	\$0	\$0
Investments-Unrestricted	\$4,190,448	\$1,533,891	\$118,095	\$0	\$0
Investments-Restricted	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses and Other Assets	\$320,572	\$26,889	\$62,812	\$0	\$0
Inventories	\$69,989	\$0	\$8,249	\$0	\$0
Interprogram Due From	\$1,267,313	\$130,013	\$0	(\$1,449,593)	\$0
Total Current Assets	\$12,870,810	\$1,865,147	\$836,113	(\$1,449,593)	\$318,368
Land	\$1,547,059	\$0	\$699,791	\$0	\$0
Buildings	\$29,996,182	\$0	\$4,507,932	\$0	\$0
Furniture, Equipment & Machinery-Dwellings	\$355,621	\$0	\$0	\$0	\$0
Furniture, Equipment & Machinery-Administration	\$446,984	\$0	\$28,307	\$0	\$0
Leasehold Improvements	\$32,949	\$0	\$135,767	\$0	\$0
Accumulated Depreciation	(\$25,363,066)	\$0	(\$811,743)	\$0	\$0
Total Fixed Assets, Net of Accumulated Depreciation	\$7,015,729	\$0	\$4,560,054	\$0	\$0
Notes, Loans & Mortgages Receivable	\$6,690,564	\$0	\$801,000	\$0	\$0
Other Assets	\$0	\$0	\$0	\$0	\$0
Total Non-Current Assets	\$13,706,293	\$0	\$5,361,054	\$0	\$0
Total Assets	\$26,577,103	\$1,865,147	\$6,197,167	(\$1,449,593)	\$318,368
Accounts Payable<=90 days	\$84,882	\$0	\$1,607	\$0	\$0
Accounts Payable >=90 Days	\$0	\$0	\$0	\$0	\$0
Accrued Wage/Payroll Taxes Payable	\$1,575	\$0	\$0	\$0	\$0
Accrued Compensated Absences - Current Portion	\$33,396	\$3,793	\$1,152	\$0	\$0
Accounts Payable-HUD PHA Programs/Projects	\$731,405	\$57,079	\$0	\$0	\$0
Accounts Payable-Other Government	\$12,126	\$0	\$26,613	\$0	\$0
Tenant Security Deposits	\$55,200	\$0	\$13,191	\$0	\$0
Unearned Revenue	\$3,796,846	\$53,703	\$369,987	\$0	\$114,321
Current Portion of L/T Debt-Capital	\$0	\$0	\$253,294	\$0	\$0
Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
Interprogram Due To	\$944,954	\$0	\$464	(\$1,449,593)	\$204,047
Total Current Liabilities	\$5,660,384	\$114,575	\$666,308	(\$1,449,593)	\$318,368
Accrued Compensated Absences-Non Current	\$300,565	\$34,135	\$10,367	\$0	\$0
Long-term Debt-Net of Current-Cap.Projects/Mortgage	\$0	\$0	\$2,731,584	\$0	\$0
Non-current Liabilities-Other	\$0	\$0	\$0	\$0	\$0
Total Noncurrent Liabilities	\$300,565	\$34,135	\$2,741,951	\$0	\$0
Total Liabilities	\$5,960,949	\$148,710	\$3,408,259	(\$1,449,593)	\$318,368
Invested In Capital Assets, Net of Related Debt	\$7,015,729	\$0	\$1,572,176	\$0	\$0
Restricted Net Position	\$0	\$0	\$0	\$0	\$0
Unrestricted Net Position	\$13,600,425	\$1,716,437	\$1,216,732	\$0	\$0
Total Equity/Net Assets/Position	\$20,616,154	\$1,716,437	\$2,788,908	\$0	\$0
Total Liabilities, Deferred Inflows of Resources & Equity	\$26,577,103	\$1,865,147	\$6,197,167	(\$1,449,593)	\$318,368

14.PHC Public Housing CARES Act Funding	14.CCC Cent Office Cost Ctr CARES Act	14.IKE DHAP- Ike	14.856 Lower Income Section 8 Mod Rehab MR002/MR003	Total	6.1 Component Unit Discretely Presented	Total
\$0		\$39,526	\$83,184	\$5,773,996	\$897,826	\$6,671,822
\$29,346	\$97,693	\$0	\$127,205	\$1,304,017	\$0	\$1,304,017
\$0		\$0	\$0	\$68,391	\$0	\$68,391
\$29,346	\$97,693	\$39,526	\$210,389	\$7,146,404	\$897,826	\$8,044,230
						\$0
\$0	\$0	\$0	\$0	\$4,004	\$0	\$4,004
\$121,356	\$0	\$0	\$0	\$138,356	\$0	\$138,356
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$341	\$189,727	\$3,108,643	\$3,298,370
\$0	\$0	\$0	\$0	\$222,829	\$0	\$222,829
\$0	\$0	\$0	\$0	(\$9,077)	\$0	(\$9,077)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$11,203	\$327,629	\$0	\$327,629
\$0	\$0	\$0	(\$11,203)	(\$327,629)	\$0	(\$327,629)
\$0	\$0	\$0	\$0	\$968,575	\$366,452	\$1,335,027
\$121,356	\$0	\$0	\$341	\$1,514,414	\$3,475,095	\$4,989,509
						\$0
\$0	\$0	\$948,002	\$204,458	\$6,994,894	\$810,655	\$7,805,549
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$270	\$410,543	\$39,567	\$450,110
\$0	\$0	\$0	\$0	\$78,238	\$0	\$78,238
\$0	\$0	\$406	\$51,861	\$0	\$0	\$0
\$150,702	\$97,693	\$987,934	\$467,319	\$16,144,493	\$5,223,143	\$21,367,636
						\$0
\$0	\$0	\$0	\$0	\$2,246,850	\$570,496	\$2,817,346
\$0	\$0	\$0	\$0	\$34,504,114	\$821,463	\$35,325,577
\$0	\$0	\$0	\$0	\$355,621	\$0	\$355,621
\$0	\$0	\$0	\$0	\$475,291	\$0	\$475,291
\$0	\$0	\$0	\$0	\$168,716	\$0	\$168,716
\$0	\$0	\$0	\$0	(\$26,174,809)	(\$573,192)	(\$26,748,001)
\$0	\$0	\$0	\$0	\$11,575,783	\$818,767	\$12,394,550
						\$0
\$0	\$0	\$0	\$0	\$7,491,564	\$1,854,321	\$9,345,885
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$19,067,347	\$2,673,088	\$21,740,435
						\$0
\$150,702	\$97,693	\$987,934	\$467,319	\$35,211,840	\$7,896,231	\$43,108,071
						\$0
\$0	\$0	\$0	\$0	\$86,489	\$875	\$87,364
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$1,575	\$0	\$1,575
\$0	\$0	\$0	\$2,975	\$41,316	\$0	\$41,316
\$0	\$0	\$0	\$127,205	\$915,689	\$0	\$915,689
\$0	\$0	\$0	\$0	\$38,739	\$0	\$38,739
\$0	\$0	\$0	\$0	\$68,391	\$0	\$68,391
\$0	\$0	\$0	\$0	\$4,334,857	\$393,817	\$4,728,674
\$0	\$0	\$0	\$0	\$253,294	\$0	\$253,294
\$0	\$0	\$0	\$0	\$0	\$7,242	\$7,242
\$0	\$0	\$0	\$1,946	\$1,946	\$0	\$1,946
\$150,702	\$97,693	\$0	\$51,733	\$0	\$0	\$0
\$150,702	\$97,693	\$0	\$183,859	\$5,742,296	\$401,934	\$6,144,230
						\$0
\$0	\$0	\$0	\$330	\$345,397	\$0	\$345,397
\$0	\$0	\$0	\$0	\$2,731,584	\$500,000	\$3,231,584
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$330	\$3,076,981	\$500,000	\$3,576,981
						\$0
\$150,702	\$97,693	\$0	\$184,189	\$8,819,277	\$901,934	\$9,721,211
						\$0
\$0	\$0	\$0	\$0	\$8,587,905	\$818,767	\$9,406,672
						\$0
\$0	\$0	\$0	\$283,130	\$283,130	\$0	\$283,130
\$0	\$0	\$987,934	\$0	\$17,521,528	\$6,175,530	\$23,697,058
\$0	\$0	\$987,934	\$283,130	\$26,392,563	\$6,994,297	\$33,386,860
						\$0
\$150,702	\$97,693	\$987,934	\$467,319	\$35,211,840	\$7,896,231	\$43,108,071

Housing Authority of the City of Lake Charles
Lake Charles, Louisiana
For the Year Ended September 30, 2021

Account Description	14.850 Low Rent Public Housing	14.871 Housing Choice Vouchers	Business Activities	Elimination	14.HCC HCV Care Act Funding
Net Tenant Rental Revenue	\$406,621	\$0	\$364,392	\$0	\$0
Tenant Revenue-Other	\$0	\$0	\$0	\$0	\$0
Total Tenant Revenue	\$406,621	\$0	\$364,392	\$0	\$0
HUD PHA Operating Grants	\$1,964,402	\$6,017,688	\$0	\$0	\$105,552
Capital Grants	\$772,161	\$0	\$0	\$0	\$0
Management Fee	\$166,902	\$0	\$0	(\$166,902)	\$0
Asset Management Fee	\$170,544	\$0	\$0	(\$170,544)	\$0
Bookkeeping Fee	\$108,920	\$0	\$0	(\$108,920)	\$0
Investment Income-Unrestricted	\$2,988	\$1,552	\$4,048	\$0	\$0
Mortgage Interest Income	\$190,186	\$0	\$0	\$0	\$0
Fraud Recovery	\$0	\$9,218	\$0	\$0	\$0
Other Revenue	\$20,100	\$37,054	\$4,759	(\$181,103)	\$0
Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0
Investment Income-Restricted	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$3,802,824	\$6,065,512	\$373,199	(\$627,469)	\$105,552
Administrative Salaries	\$550,829	\$298,600	\$70,747	\$0	\$0
Book-keeping and Auditing Fees	\$46,405	\$95,707	\$5,201	(\$136,520)	\$33,953
Management Fees	\$180,901	\$0	\$0	(\$246,569)	\$0
Office expenses	\$0	\$0	\$0	\$0	\$0
Employee Benefit Contributions-Administrative	\$235,794	\$162,451	\$34,048	\$0	\$0
Asset Management Fees	\$54,720	\$108,648	\$0	(\$244,380)	\$54,324
Travel	\$8,480	\$3,103	\$7,948	\$0	\$0
Legal Expenses	\$15,181	\$863	\$875	\$0	\$0
Other-Administrative	\$409,632	\$137,062	\$13,057	\$0	\$0
Tenant Services-Salaries	\$0	\$0	\$0	\$0	\$0
Relocation Services	\$0	\$0	\$0	\$0	\$0
Employee Benefit Contributions-Tenant Services	\$0	\$0	\$0	\$0	\$0
Tenant Services-other	\$0	\$0	\$0	\$0	\$17,275
Water	\$163,523	\$0	\$1,177	\$0	\$0
Electricity	\$88,882	\$0	\$6,739	\$0	\$0
Gas	\$40,841	\$0	\$2,659	\$0	\$0
Ordinary Maintenance and Operations-Labor	\$282,806	\$0	\$0	\$0	\$0
Ordinary Maintenance and Operations-Materials and O	\$66,708	\$1,407	\$7,213	\$0	\$0
Ordinary Maintenance and Operations-Contract Costs	\$188,388	\$8,417	\$69,549	\$0	\$0
Employee Benefit Contributions-Ordinary Maintenance	\$131,897	\$0	\$0	\$0	\$0
Property Insurance	\$533,700	\$42,184	\$119,445	\$0	\$0
Liability Insurance	\$4,250	\$11,762	\$0	\$0	\$0
Workmen's Compensation	\$26,241	\$6,440	\$0	\$0	\$0
All Other Insurance	\$43,194	\$0	\$0	\$0	\$0
Other General Expenses	\$0	\$30,840	\$0	\$0	\$0
Payments in Lieu of Taxes	\$12,126	\$0	\$34,612	\$0	\$0
Interest on Notes Payable	\$0	\$0	\$101,116	\$0	\$0
Bad Debt-Tenant Rents	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$3,084,498	\$907,484	\$474,386	(\$627,469)	\$105,552
Excess Operating Revenue over Operating Expenses	\$718,326	\$5,158,028	(\$101,187)	\$0	\$0
Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0
Casualty Losses-Non-Capitalized	(\$6,514)	\$947	\$0	\$0	\$0
Housing Assistance Payments	\$0	\$6,086,708	\$0	\$0	\$0
HAP Portability In	\$0	\$23,208	\$0	\$0	\$0
Depreciation Expense	\$927,011	\$324	\$119,221	\$0	\$0
Total Expenses	\$4,004,995	\$7,018,671	\$593,607	(\$627,469)	\$105,552
Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0
Operating Transfers In (Out)	(\$29,746)	\$0	\$0	\$0	\$0
Transfers between Program and Project-In	\$0	\$0	\$0	\$0	\$0
Transfers between Project and Program-Out	\$0	\$0	\$0	\$0	\$0
Total Other Financing Sources (Uses)	(\$29,746)	\$0	\$0	\$0	\$0
Excess-Deficiency of Operating Revenue Over (Under)	(\$231,917)	(\$953,159)	(\$220,408)	\$0	\$0
Beginning Equity	\$20,848,071	\$2,669,596	\$3,009,316	\$0	\$0
Prior Period Adjustments, Equity Transfers and Correct of Errors	\$0	\$0	\$0	\$0	\$0
Unit Months Available	5,472	23,808	1,368	\$0	\$0
Number of Unit Months Leased	3,004	9,054	673		

14.PHC Public Housing CARES Act Funding	14.CCC Central Office Cost Ctr CARES Act	14.IKE DHAP- Ike	14.856 Lower Income Section 8 Mod Rehab MR002/MR003	Total	6.1 Component Unit Discretely Presented	
\$0	\$0	\$0	\$0	\$771,013	\$0	\$771,013
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$771,013	\$0	\$771,013
\$159,430	\$0	\$0	\$283,568	\$8,530,640	\$0	\$8,530,640
\$0	\$0	\$0	\$0	\$772,161	\$0	\$772,161
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$2,530	\$138	\$11,256	\$41,116	\$52,372
\$0	\$0	\$0	\$0	\$190,186	\$0	\$190,186
\$0	\$0	\$0	\$404	\$9,622	\$0	\$9,622
\$0	\$181,103	\$0	\$0	\$61,913	\$247,823	\$309,736
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$159,430	\$181,103	\$2,530	\$284,110	\$10,346,791	\$288,939	\$10,635,730
\$0	\$122,251	\$0	\$19,970	\$1,062,397	\$0	\$1,062,397
\$7,646	\$0	\$5,984	\$8,340	\$66,716	\$3,453	\$70,169
\$65,668	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$48,900	\$0	\$4,542	\$485,735	\$0	\$485,735
\$19,512	\$0	\$0	\$7,176	\$0	\$0	\$0
\$0	\$0	\$0	\$450	\$19,981	\$0	\$19,981
\$0	\$0	\$0	\$0	\$16,919	\$175	\$17,094
\$0	\$0	\$0	\$0	\$559,751	\$1,215	\$560,966
\$29,346	\$6,150	\$0	\$0	\$35,496	\$0	\$35,496
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$13,646	\$2,602	\$0	\$0	\$16,248	\$0	\$16,248
\$23,612	\$1,200	\$0	\$0	\$42,087	\$0	\$42,087
\$0	\$0	\$0	\$0	\$164,700	\$1,404	\$166,104
\$0	\$0	\$0	\$0	\$95,621	\$48,369	\$143,990
\$0	\$0	\$0	\$0	\$43,500	\$1,421	\$44,921
\$0	\$0	\$5,413	\$0	\$288,219	\$0	\$288,219
\$0	\$0	\$0	\$0	\$75,328	\$549	\$75,877
\$0	\$0	\$0	\$0	\$266,354	\$21,704	\$288,058
\$0	\$0	\$467	\$0	\$132,364	\$0	\$132,364
\$0	\$0	\$0	\$0	\$695,329	\$60,817	\$756,146
\$0	\$0	\$0	\$0	\$16,012	\$0	\$16,012
\$0	\$0	\$0	\$1,099	\$33,780	\$0	\$33,780
\$0	\$0	\$0	\$0	\$43,194	\$0	\$43,194
\$0	\$0	\$0	\$0	\$30,840	\$0	\$30,840
\$0	\$0	\$0	\$0	\$46,738	\$0	\$46,738
\$0	\$0	\$0	\$0	\$101,116	\$0	\$101,116
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$159,430	\$181,103	\$11,864	\$41,577	\$4,338,425	\$139,107	\$4,477,532
\$0	\$0	(\$9,334)	\$242,533	\$6,008,366	\$149,832	\$6,158,198
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	(\$5,567)	\$0	(\$5,567)
\$0	\$0	\$0	\$225,325	\$6,312,033		\$6,312,033
\$0	\$0	\$0	\$0	\$23,208		\$23,208
\$0	\$0	\$0	\$0	\$1,046,556	\$20,769	\$1,067,325
\$159,430	\$181,103	\$11,864	\$266,902	\$11,714,655	\$159,876	\$11,874,531
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	(\$29,746)	\$0	(\$29,746)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	(\$29,746)	\$0	(\$29,746)
\$0	\$0	(\$9,334)	\$17,208	(\$1,397,610)	\$129,063	(\$1,268,547)
\$0	\$0	\$997,268	\$265,922	\$27,790,173	\$6,805,111	\$34,595,284
\$0	\$0	\$0	\$0	\$0	\$60,123	\$60,123
\$0	\$0	\$0	\$0	\$0	\$0	\$0
			840	31,488		
			598	13,329		

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

Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer
For the Year Ended September 30, 2021

Expenditure Purpose

Salary	\$ 127,844
Benefits-Health Insurance	5,118
Benefits-Retirement	11,040
Cell Phone	534
Travel (including per diem and advances)	<u>622</u>
Total Compensation, Benefits and Other Payments	<u>\$ 145,158</u>

Agency Head: S. Benjamin Taylor, Chief Executive Officer

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

Independent Auditor's Report on
Internal Control over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed In Accordance With **Government Auditing Standards**

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of The City of Lake Charles as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated March 1, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Management's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the use of the Board, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

William V. Trimm, CPA

Trimm Consulting, APAC

March 1, 2022

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

Independent Auditor's Report on Compliance for Each Major Federal Program and
on Internal Control over Compliance Required by the
Uniform Guidance

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

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of The City of Lake Charles' compliance with the types of compliance requirements described in the *(OMB) Compliance Supplement* that could have a direct and material effect on each of the entity's major federal programs for the year ended September 30, 2021. The Housing Authority of The City of Lake Charles' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of The City of Lake Charles, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

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

William V. Trimm, CPA
Trimm Consulting, APAC
March 1, 2022

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2021

Federal Grantor/Pass-through Grantor/Program Name	Assistance Listing#	Grant Number	Grants	
			Receipts	Expenses
Department of HUD				
PHA Owned Housing	14.850	FW-1132	\$ 1,925,038	\$ 1,925,038
Capital Grant(s)	14.872		1,661,525	1,661,525
HCV Cares Act Funding ARRA - Cap	14.HCC		105,552	105,552
Public housing Cares Act	14.PHC		159,430	159,430
Sect. 8 Mod. Rehabilitation	14.856	FW-2074	283,568	283,568
Disaster Housing Asst. Grant	97.109		-0-	-0-
Sect. 8 Housing Choice Vouchers	14.871	FW-2228V	<u>6,017,688</u>	<u>6,017,688</u>
			Total	<u><u>\$ 10,152,801</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

Notes to the Schedule of Federal Financial Assistance

For the Year Ended September 30, 2021

Note 1 - Basis of Presentation

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

Note 2 - Basis of Accounting

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

Note 3 – Relationship to Basic Financial Statements

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

<u>Federal Sources</u>	<u>Amount</u>
General	\$ 1,964,402
Section 8	<u>6,566,238</u>
	<u>\$ 8,530,640</u>

Note 4 – Relationship to Federal Financial Reports

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

Note 5 - Sub-recipients

There were no awards passed through to sub-recipients.

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

SCHEDULE OF FINDINGS & QUESTIONED COSTS

For the Year Ended September 30, 2021

SECTION I- Summary of Auditor's Results

Financial Statements

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

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

Internal Control over financial reporting:

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

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

- a. CFDA 14.871 Section 8 Housing Choice Voucher Program
- b. CFDA 14.850 PHA Owned – Low Rent Public Housing
- c. CFDA 14.872 Capital Fund Public Housing (CFP)

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

Auditee qualified as low-risk auditee? yes no

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

SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Year Ended September 30, 2021

Section II-Financial Statement Findings

Department of Housing & Urban Development
CFDA 18.850 Low Rent Public Housing

SIGNIFICANT DEFICIENCY

Finding 2021-001: Bank deposits exceeding the FDIC insurance limit of \$250,000 were not secured by collateral outside of the bank.

Condition: The Housing Authority opened up a new bank account at Jeff Davis Bank in order to segregate and deposit insurance proceeds. Under state law, the Authority's demand deposits are required to be fully collateralized at all times. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Criteria: There must be effective control over, and accountability for all bank deposits as it relates to those bank deposits being protected by either FDIC insurance coverage or through outside pledged securities.

Cause: There was a lack of procedures in place to ensure that the bank deposits were fully insured.

Effect: This failure caused demand deposits to remain unsecured for several months.

Context: During the audit bank confirmations were requested of all of the Authority's banks. A review of these confirmations found that some demand deposits were not secured by outside collateral. The amount of deposits that were determined to be uncollateralized totaled \$ **3,917,735**. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. This custodial credit risk is mitigated by ensuring that demand deposits exceeding the FDIC insurance limit are fully collateralized outside of the bank holding the funds.

Recommendation: I recommend that a periodic review of all bank deposits be conducted to ensure that the Authority's demand deposits are fully secured, either by FDIC insurance and/or outside pledged securities.

Management's Response: The Authority has stated that more careful attention will be paid to this aspect of their accounting functions and that a periodic review of bank deposits versus FDIC insurance and outside pledged security collateralization will take place. During the month of February 2022 the uninsured deposits were fully collateralized by pledged securities.

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

SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Year Ended September 30, 2021

Section III-Findings and Questioned Costs for Federal Awards

None.

Section IV-Schedule of Prior Year Findings & Questioned Costs
For the year ended September 30, 2020

None.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

February 24, 2022 (Date Transmitted)

Trimm Consulting APAC (CPA Firm Name)

1901 W. Sampson Street (CPA Firm Address)

Westlake, LA 70669 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of **September 30, 2021** (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

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

Yes No N/A

Code of Ethics for Public Officials and Public Employees

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

Yes No N/A

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

Yes No N/A

Budgeting

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

Yes No N/A

Accounting and Reporting

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

Meetings

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

Yes No N/A

Debt

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

Yes No N/A

Advances and Bonuses

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

Yes No N/A

Prior-Year Comments

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

Yes No N/A

General

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

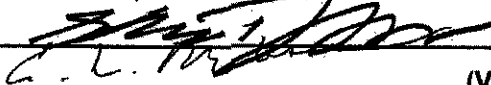
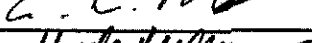

to you any such communication received between the end of the period under examination and the date of your report.

Yes No N/A

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

Yes No N/A

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

 (CEO) Secretary February 24, 2022, Date
 (Vice Chair) Treasurer February 24, 2022, Date
 (Chair) President February 24, 2022, Date

Housing Authority of the City of Lake Charles

Corrective Action Plan

March 1, 2022

Department of Housing and Urban Development

The Housing Authority of the City of Lake Charles respectfully submits the following corrective action plan for the year ended 9/30/21.

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

Audit Period: Year ended September 30, 2021

Finding-Financial Statement Audit

SIGNIFICANT DEFICIENCY

Finding 2021-001 Bank deposits exceeding the FDIC insurance limit of \$ 250,000 were not secured by collateral outside of the bank.

Recommendation I recommend that a periodic review of all bank deposits be conducted to ensure that the Authority's demand deposits are fully secured, either by FDIC insurance and/or outside pledged securities.

Action Taken: The Housing Authority of the City of Lake Charles agrees with the finding. The Authority has stated that more careful attention will be paid to this aspect of their accounting functions and that a periodic review of bank deposits versus FDIC insurance and outside pledged security collateralization will take place. During the month of February 2022 the uninsured deposits were fully collateralized by pledged securities.

Sincerely,



S. Benjamin Taylor - CEO

Housing Authority of The City of Lake Charles