

FINANCIAL REPORT
LOUISIANA HOUSING AUTHORITY
DECEMBER 31, 2018 AND 2017

LOUISIANA HOUSING AUTHORITY

INDEX TO REPORT

DECEMBER 31, 2018 AND 2017

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 8
FINANCIAL STATEMENTS:	
Statements of Net Position.....	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows.....	11
Notes to Financial Statements	12 - 31
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Authority's Proportionate Share of Total Collective OPEB Liability.....	32
Schedule of the Authority's Proportionate Share of Net Pension Liability	33
Schedule of the Authority's Pension Contributions	34
Notes to Required Supplementary Information.....	35 - 36
OTHER SUPPLEMENTARY INFORMATION:	
Financial Data Schedule	37 - 38
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	39 - 40
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i>	41 - 42
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	43
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	45 - 46



Duplantier
Hrapmann
Hogan &
Maher, LLP

INDEPENDENT AUDITOR'S REPORT

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

August 28, 2019

Executive Director
Louisiana Housing Authority
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Louisiana Housing Authority as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Louisiana Housing Authority's basic financial statements as listed in the index to report.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

www.dhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louisiana Housing Authority, as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of Louisiana Housing Authority, a department of Louisiana Housing Authority, includes only the activities of Louisiana Housing Authority's Section 8 Housing Choice Voucher federal program and is not intended to present fairly the financial position, results of operations, or cash flows of the Louisiana Housing Authority in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Louisiana Housing Authority. The Financial Data Schedule presented as other supplementary information, is not a required part of the basic financial statements, but is supplementary information required by U.S. Department of Housing and Urban Development. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2019 on our consideration of the Louisiana Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of Louisiana Housing Authority's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Housing Authority's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017

Introduction

As management of the Louisiana Housing Authority (the "Authority"), we offer readers of the Authority's financial statements, the management's discussion and analysis ("MD&A"). This section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and identify individual program issues or concerns for the years ending December 31, 2018 and 2017.

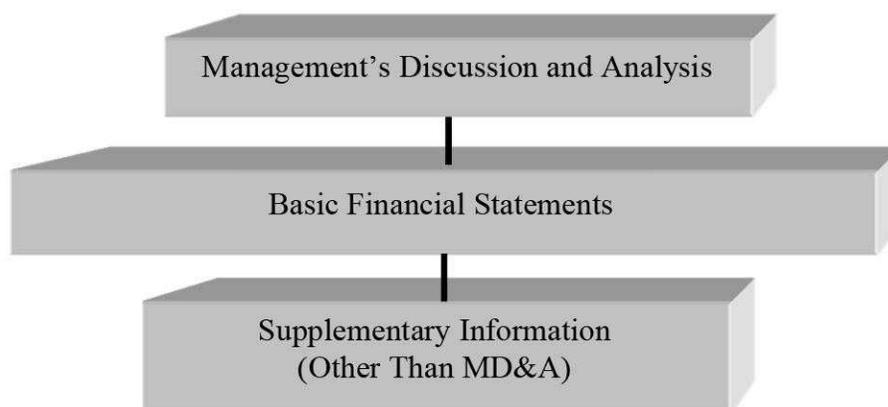
As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes, required supplementary information and the other supplementary information that is provided in addition to the MD&A.

Financial Highlights

- The primary source of funding for the Authority is subsidies and grants from the U.S. Department of Housing and Urban Development ("HUD"). The Authority reported \$13,174,601 and \$12,470,744 in HUD operating grants for the years ending December 31, 2018 and 2017, respectively.
- The Authority's liabilities and deferred inflow of resources exceeded assets and deferred outflow of resources at the close of fiscal year 2018 by \$2,546,535 (which represents a negative net position).
- The Authority's operating revenues increased by \$706,901 approximately 6%, and net position increased by \$587.
- The Authority operates without the need for debt borrowings.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by the Governmental Accounting Standards Board.



LOUISIANA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017

These financial statements consist of two sections - Management's Discussion and Analysis (this section and the basic financial statements (including the notes to the financial statements). This report also contains supplementary information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

The Authority has one federally funded program that is reported as a proprietary fund. 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 Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Basic Financial Statements

The basic financial statements present information for the Authority as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

Statements of Net Position

The statements of net position present information on all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between them presented as net position. Over time, increases or decreases in net position may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statements of Revenue, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position present information which shows how the Authority's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

Statements of Cash Flows

The statements of cash flows present information showing how the Authority's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by *Government Accounting Standards*.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

LOUISIANA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017

Financial Analysis of the Entity

The condensed statements of net position consisted of the following:

Condensed Statements of Net Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Assets:			
Current assets	\$ 194,913	\$ 319,910	\$ (124,997)
Capital assets, net	13,128	26,502	(13,374)
Total Assets	<u>208,041</u>	<u>346,412</u>	<u>(138,371)</u>
Deferred outflow of resources	<u>307,878</u>	<u>198,784</u>	<u>109,094</u>
Total Assets and Deferred Outflows	<u>\$ 515,919</u>	<u>\$ 545,196</u>	<u>\$ (29,277)</u>
Liabilities:			
Current liabilities	\$ 85,658	\$ 248,843	\$ (163,185)
Non-current liabilities	2,875,902	2,683,780	192,122
Total Liabilities	<u>2,961,560</u>	<u>2,932,623</u>	<u>28,937</u>
Deferred inflow of resources	<u>100,894</u>	<u>159,695</u>	<u>(58,801)</u>
Net Position:			
Net investment in capital assets	13,128	26,502	(13,374)
Restricted	103,569	89,796	13,773
Unrestricted	<u>(2,663,232)</u>	<u>(2,663,420)</u>	<u>188</u>
Total Net Position, (deficit)	<u>(2,546,535)</u>	<u>(2,547,122)</u>	<u>587</u>
Total Liabilities, Deferred Inflows & Net Position	<u>\$ 515,919</u>	<u>\$ 545,196</u>	<u>\$ (29,277)</u>

Total assets decreased by \$138,371, approximately 40%, from the previous year due to a decrease in receivables from HUD.

Restricted net position is not available for spending as a result of grant requirements and consist of cash restricted for housing assistance. Conversely, unrestricted net position does not have any limitations on how these amounts may be spent.

LOUISIANA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017

The condensed statements of revenues, expenses, and changes in net position consisted of the following:

Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ending December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Revenues:			
HUD operating grants	\$ 13,174,601	\$ 12,470,744	\$ 703,857
Other	4,435	1,391	3,044
Total Revenues	<u>13,179,036</u>	<u>12,472,135</u>	<u>706,901</u>
Expenses:			
Housing assistance payments	12,114,737	11,554,486	560,251
Salaries and benefits	677,970	525,346	152,624
Other operating expenses	385,742	532,671	(146,929)
Total Expenses	<u>13,178,449</u>	<u>12,612,503</u>	<u>565,946</u>
Change in net position	<u>587</u>	<u>(140,368)</u>	<u>140,955</u>
Net position, beginning of year	(2,547,122)	(2,164,157)	(382,965)
Restatement	-	(242,597)	242,597
Net position, beginning of year	<u>(2,547,122)</u>	<u>(2,406,754)</u>	<u>(140,368)</u>
Net position, end of year (deficit)	<u>\$ (2,546,535)</u>	<u>\$ (2,547,122)</u>	<u>\$ 587</u>

The Authority's revenues increased by \$706,901, approximately 6%, from the previous year due to the increase in funding from U.S. Department of Housing and Urban Development.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, amounts to \$13,128 and \$26,502 at December 31, 2018 and 2017, respectfully, and consist of computers, networking equipment, furniture, and fixtures. The Authority had no additions or dispositions in the current year.

LOUISIANA HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017

Economic Factors and Next Year's Operations and Rates

Housing Choice Voucher program revenues and expenses for 2019 are expected to approximate levels from 2018.

Federal appropriations directly affect the levels of revenues and expense of the Authority, and are subject to Congressional approvals.

Contacting the Louisiana Housing Authority's Management

This financial report is designed to provide a general overview of the Authority's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Winona Connor, Executive Director, 1690 North Boulevard, Baton Rouge, Louisiana 70802.

LOUISIANA HOUSING AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS:		
Current assets:		
Cash - unrestricted	\$ 29,552	\$ 836
Cash - restricted	103,569	89,796
Accounts receivable - HUD	-	208,815
Accounts receivable - LHC	40,930	-
Prepaid expenses	20,862	20,463
Total current assets	<u>194,913</u>	<u>319,910</u>
Non-current assets:		
Capital assets, net	<u>13,128</u>	<u>26,502</u>
Total non-current assets	<u>13,128</u>	<u>26,502</u>
Total assets	<u>208,041</u>	<u>346,412</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions	297,484	134,618
Deferred outflows of resources related to OPEB	10,394	64,166
Total deferred outflows of resources	<u>307,878</u>	<u>198,784</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 515,919</u></u>	<u><u>\$ 545,196</u></u>
LIABILITIES:		
Current liabilities:		
Accounts payable	25,188	232,366
Due to HUD	40,930	-
Accrued payroll	15,088	13,496
Compensated absences	4,452	2,981
Total current liabilities	<u>85,658</u>	<u>248,843</u>
Non-current liabilities:		
Net pension liability	2,047,591	1,848,677
Net OPEB liability	803,080	818,209
Compensated absences	25,231	16,894
Total non-current liabilities	<u>2,875,902</u>	<u>2,683,780</u>
Total Liabilities	<u>2,961,560</u>	<u>2,932,623</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to pensions	18,478	103,259
Deferred inflows of resources related to OPEB	82,416	56,436
Total deferred inflows of resources	<u>100,894</u>	<u>159,695</u>
NET POSITION:		
Investment in capital assets	13,128	26,502
Restricted	103,569	89,796
Unrestricted	(2,663,232)	(2,663,420)
Total net position (deficit)	<u>(2,546,535)</u>	<u>(2,547,122)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 515,919</u></u>	<u><u>\$ 545,196</u></u>

See accompanying notes to financial statements.

LOUISIANA HOUSING AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:		
HUD operating grants	\$ 13,174,601	\$ 12,470,744
Other	<u>4,435</u>	<u>1,391</u>
Total operating revenues	<u>13,179,036</u>	<u>12,472,135</u>
OPERATING EXPENSES:		
Housing assistance payments	12,114,737	11,554,486
Salaries and employee benefits	677,970	525,346
General and administrative	334,480	484,432
Legal and professional	25,548	21,296
Travel	12,340	13,569
Depreciation	<u>13,374</u>	<u>13,374</u>
Total operating expenses	<u>13,178,449</u>	<u>12,612,503</u>
Change in net position	587	(140,368)
Net position, beginning of year, before restatement	(2,547,122)	(2,164,157)
Net effect of change in accounting principle	<u>-</u>	<u>(242,597)</u>
NET POSITION, END OF YEAR (DEFICIT)	<u>\$ (2,546,535)</u>	<u>\$ (2,547,122)</u>

See accompanying notes to financial statements.

LOUISIANA HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Federal subsidies and grants	\$ 13,383,416	\$ 12,412,230
Other receipts	4,435	1,391
Payments for housing assistance	(12,114,736)	(12,647,848)
Payments to employees	(459,847)	(510,165)
Payments to vendors	(770,779)	(576,930)
Net cash provided (used) by operating activities	<u>42,489</u>	<u>(1,321,322)</u>
Net increase (decrease) in cash	42,489	(1,321,322)
Cash, beginning of year	<u>90,632</u>	<u>1,411,954</u>
CASH, END OF YEAR	<u>\$ 133,121</u>	<u>\$ 90,632</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net position	\$ 587	\$ (140,368)
Adjustments to reconcile change in net position to net cash used by operating activities:		
Depreciation	13,374	13,374
Changes in assets and liabilities:		
Accounts receivable - HUD other projects	208,815	(58,514)
Accounts receivable - LHC	(40,930)	-
Prepaid expenses	(399)	-
Deferred outflows - pensions	(162,866)	174,030
Deferred outflows - OPEB	53,772	(52,098)
Grant payments to subrecipients	-	58,514
Accounts payable	(207,178)	(37,033)
Due to HUD	40,930	-
Accrued expenses	1,592	2,733
Compensated absences	9,808	7,821
Deferred inflows - pensions	(84,781)	(126,756)
Deferred inflows - OPEB	25,980	56,436
Net pension liability	198,914	(89,183)
Net OPEB liability	(15,129)	(36,916)
Grants received prior to meeting timing requirement	<u>-</u>	<u>(1,093,362)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 42,489</u>	<u>\$ (1,321,322)</u>

See accompanying notes to financial statements.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NATURE OF OPERATIONS:

Under the Supplemental Appropriations Act of 2008, P.L. 110-252 (the “Act”), the State of Louisiana has been provided \$20 million under the federal, project-based voucher program for the provision of 3,000 units of permanent supportive housing. The Act provides that the State or its designee may act in all respects as a public housing agency. The Louisiana Housing Authority (the “Authority”) is the public housing agency designated by the State of Louisiana.

Housing Choice Voucher Program - provides safe, decent, and sanitary housing in the private market for very low-income families, the elderly, and the disabled. Housing Choice vouchers are administered locally by public housing agencies ("PHA"). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development ("HUD") to administer the voucher program. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting Entity

The Governmental Accounting Standards Board (“GASB”) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Authority is fiscally independent of the State of Louisiana, the Authority is not a component unit of the State. The Authority is a department under the Louisiana Housing Corporation. The federal program is also included in the financial statements of the Louisiana Housing Authority whose activities are not reported in these financial statements. The financial statements include only the activity of the Housing Choice Voucher Program (all funds and activities that are within the oversight responsibility of the Authority).

Financial Statement Presentation

The GASB has been established to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Statement Presentation (Continued)

For financial reporting purposes, the Authority is treated as a special-purpose government engaged only in business-type activities. All activities of the Authority are accounted for within a single proprietary (enterprise) fund to report on its financial position, results of operations, and cash flows. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

During the year ended December 31, 2017, the Authority early adopted the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for participating employers of defined benefit OPEB plans. This statement also required additional note disclosures and required supplementary information to be presented in the participating employers' financial statements.

Basis of Accounting

Basis of accounting refers to the timing of recognition of revenues and expenses in the accounts and reporting in the financial statements, regardless of the measurement focus applied. The transactions of the Authority are accounted for using the accrual basis of accounting and on a flow of economic resources measurement focus where the aim is to report all inflows, outflows, and balances affecting or reflecting an entity's net position. Accordingly, revenues are recognized in the accounting period when they are earned and expenses are recognized when the related liability is incurred.

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.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position (Continued)

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

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use the restricted resources first, then unrestricted resources as needed.

Use of Estimates

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

Cash

For financial statement purposes, cash includes demand deposits. Cash - restricted consists of cash from the U.S. Department of Housing and Urban Development to be used for payments to program recipients.

Deferred Outflow and Inflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources that represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category; deferred amounts related to pensions and deferred amounts related to other postemployment benefits.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify for reporting in this category; deferred amounts related to unearned income, deferred amounts related to pensions, and deferred amounts related to other postemployment benefits.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accounts Receivable

Accounts receivable are stated as the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Based on past payment history, management believes that all receivables are collectible within the next fiscal year.

Prepaid Expenses

Prepaid expenses consist of licenses and maintenance fees.

Capital Assets

The Authority's capital assets are stated at cost less accumulated depreciation and are depreciated using the straight-line method over the estimated useful life of five years. All capital assets with a value greater than \$5,000 and a useful life of over one year are capitalized. Expenses for repairs and maintenance are charged to operating expense as incurred.

Grant Revenues

The Authority's sole source of funding is from two grants awarded by the U.S. Department of Housing and Urban Development. The Authority receives funding based on a cost reimbursement basis, incremental funding contracts, and lump sum cash deposits.

Compensated Absences

The Authority's employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. The liability for unused annual leave at December 31, 2018 and 2017 was \$29,683 and \$19,875, respectively.

2. DEPOSITS:

For reporting purposes, deposits with financial institutions include demand deposits. Deposits in bank accounts are stated at cost, which approximates market. Under Louisiana State Law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. 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.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

2. DEPOSITS: (Continued)

These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

The deposits of the Authority consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Cash - book balances	<u>\$ 133,121</u>	<u>\$ 90,632</u>
Cash - bank balances	<u>\$ 144,538</u>	<u>\$ 100,824</u>
Insurance and Collateral:		
Federal depository instruments	\$ 250,000	\$ 250,000
Pledged securities	<u>-</u>	<u>-</u>
Total insurance and collateral	<u>\$ 250,000</u>	<u>\$ 250,000</u>

Custodial Risk

Custodial risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. At December 31, 2018 and 2017, the Authority's bank balance of \$144,538 and \$100,824, respectively, were insured by FDIC insurance. The Authority does not have a custodial risk policy.

3. CAPITAL ASSETS:

The Authority's capital assets consisted of the following at December 31, 2018:

	Balance			Balance
	<u>January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2018</u>
Computers and equipment	\$ 48,589	\$ -	\$ -	\$ 48,589
Furniture and fixtures	45,030	-	-	45,030
Accumulated depreciation	<u>(67,117)</u>	<u>(13,374)</u>	-	<u>(80,491)</u>
	<u>\$ 26,502</u>	<u>\$ (13,374)</u>	<u>\$ -</u>	<u>\$ 13,128</u>

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

3. CAPITAL ASSETS: (Continued)

The Authority's capital assets consist of the following at December 31, 2017:

	Balance			Balance	
	<u>January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2017</u>	
Computers and equipment	\$ 48,589	\$ -	\$ -	\$ 48,589	
Furniture and fixtures	45,030	-	-	45,030	
Accumulated depreciation	<u>(53,743)</u>	<u>(13,374)</u>	-	<u>(67,117)</u>	
	<u>\$ 39,876</u>	<u>\$ (13,374)</u>	<u>\$ -</u>	<u>\$ 26,502</u>	

Depreciation expense for the years ended December 31, 2018 and 2017 was \$13,374 and \$13,374, respectively.

4. NON-CURRENT LIABILITIES:

The Authority's non-current liabilities consisted of the following at December 31, 2018:

	Balance			Balance		Amounts
	<u>January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2018</u>	<u>Due Within</u>	
					<u>One Year</u>	
Net pension liability	\$ 1,848,677	\$ 198,914	\$ -	\$ 2,047,591	\$ -	-
Net OPEB liability	818,209	-	15,129	803,080	-	-
Compensated absences	19,875	9,808	-	29,683	4,452	-
Total non-current liabilities	<u>\$ 2,686,761</u>	<u>\$ 208,722</u>	<u>\$ 15,129</u>	<u>\$ 2,880,354</u>	<u>\$ 4,452</u>	<u>-</u>

The Authority's non-current liabilities consisted of the following at December 31, 2017:

	Balance			Balance		Amounts
	<u>January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2017</u>	<u>Due Within</u>	
					<u>One Year</u>	
Net pension liability	\$ 1,937,860	\$ -	\$ 89,183	\$ 1,848,677	\$ -	-
Net OPEB liability	600,460	217,749	-	818,209	-	-
Compensated absences	12,054	7,821	-	19,875	2,981	-
Total non-current liabilities	<u>\$ 2,550,374</u>	<u>\$ 225,570</u>	<u>\$ 89,183</u>	<u>\$ 2,686,761</u>	<u>\$ 2,981</u>	<u>-</u>

5. CONCENTRATIONS:

The Authority receives all of its operating revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD falls below contract levels, the Authority's operating results could be adversely affected. Revenue from HUD was \$13,174,601 and \$12,470,744 for the years ended December 31, 2018 and 2017, respectively.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. RETIREMENT BENEFITS:

Plan Description

Substantially all of the employees of the Authority are members of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, multiple-employer, defined benefit pension plan. LASERS is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The following is a brief description of the Plan and its benefits. Participants should refer to the appropriate statutes for more complete information.

In 1999, an Optional Retirement Plan (ORP) was established as a defined contribution component of LASERS for certain unclassified employees who otherwise would have been eligible to become members of the defined benefit plan. The ORP provides portability of assets and full and immediate vesting of all contributions submitted on behalf of members. The ORP is administered by a third party provider with oversight from LASERS Board of Trustees. Monthly employer and employee contributions are invested as directed by the member to provide the member with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the member's working lifetime. ORP balances are held by the provider in each participant's name. These balances are included in LASERS total investments on the Statement of Fiduciary Net Position. The ORP was closed to new members on December 7, 2007. However, members in the ORP as of December 31, 2007 were granted the option by Act 718 of the 2012 Louisiana Regular Legislative Session to regain membership in the defined benefit plan.

Benefits Provided

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of the rank-and-file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. RETIREMENT BENEFITS: (Continued)

Benefits Provided (Continued)

The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age, or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants-at-arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification, but generally is ten years of service.

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. RETIREMENT BENEFITS: (Continued)

Deferred Retirement Benefits (Continued)

For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider.

The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Initial Benefit Obligations Benefits

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of 1/2% less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits

All members of LASERS with 10 or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor's Benefits

Certain eligible surviving dependents of LASERS receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. RETIREMENT BENEFITS: (Continued)

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), which are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions

Members are required by state statute to contribute 7.5% of gross salary if hired prior to July 1, 2006 or 8.0% if hired after July 1, 2006. The employer contribution rates are established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. The Authority is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the year ended December 31, 2018 was 37.90% of covered payroll. The employer contribution rate for the fiscal year ended December 31, 2017 was 35.80% and 37.90% of covered payroll for the first and second half of the year, respectively. The Authority's contributions to LASERS for the years ending December 31, 2018 and 2017 was \$166,849 and \$145,785, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018 and 2017, the Authority reported a liability for LASERS of \$2,047,591 and \$1,848,677 respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2018 and 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those dates. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018 and 2017, the Authority's proportion 0.02416% and 0.02626%, respectively. This reflects an increase of .0021% from its proportion measured as of June 30, 2017.

For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of \$118,116 and \$111,692, respectively.

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. RETIREMENT BENEFITS: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>December 31, 2018</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 18,478
Change in assumptions	16,768	-
Net difference between projected and actual earnings on pension plan investments	21,366	-
Change in proportion and differences between employer contributions and proportionate share of contributions	179,804	-
Employer contributions subsequent to the measurement date	79,546	-
Total	<u>\$ 297,484</u>	<u>\$ 18,478</u>

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>December 31, 2017</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 33,127
Net difference between projected and actual earnings on pension plan investments	65,842	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	70,132
Employer contributions subsequent to the measurement date	68,776	-
Total	<u>\$ 134,618</u>	<u>\$ 103,259</u>

LOUISIANA HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. RETIREMENT BENEFITS: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date in the amount of \$79,447 will be recognized as a reduction of the net pension liability during the year ended December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense benefit are as follows:

Year Ended	Amount
<u>June 30</u>	
2019	\$ (148,748)
2020	(97,011)
2021	40,270
2022	6,029
Total	<u>\$ (199,460)</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 and 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation dates	June 30, 2018 and 2017
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	7.65% and 7.70% per annum for 2018 and 2017, respectively
Inflation rate	2.75% per annum for 2018 and 2017
Period of experience study	2009 – 2013

LOUISIANA HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. RETIREMENT BENEFITS: (Continued)

Actuarial Assumptions (Continued)

Mortality Rates	<p>Non-disabled members - Based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015</p> <p>Disabled members - Based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement</p>
Termination, Disability, and Retirements	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of LASERS's members.
Salary increases	Salary increases were projected based on a 2009-2013 experience study of the LASERS's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

Cost-of-living adjustments	The present value of future retirement benefits is based on benefits currently being paid by LASERS and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
----------------------------	--

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. RETIREMENT BENEFITS: (Continued)

Actuarial Assumptions (Continued)

percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The expected rate of inflation was 3.25% for 2018 and 2017. The resulting expected long-term rates of return are 8.83% for 2018 and 8.69% for 2017.

The target allocation and best estimates of geometric long-term expected real rates of return for each major asset class as of June 30, 2018 and 2017, are summarized in the following table:

<u>Asset Class</u>	June 30, 2018		June 30, 2017	
	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Cash	0%	-0.48%	0%	-0.24%
Domestic equity	23%	4.31%	25%	4.31%
International equity	32%	5.26%	32%	5.35%
Domestic fixed income	6%	1.49%	8%	1.73%
International fixed income	10%	2.23%	6%	2.49%
Alternative investments	22%	7.67%	22%	7.41%
Risk Parity	7%	4.96%	0%	0.00%
Global asset allocation	0%	0.00%	7%	2.84%
Total	100%		100%	

The discount rate used to measure the total pension liability was 7.65% and 7.70% for June 30, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the pension plan. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

LOUISIANA HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. RETIREMENT BENEFITS: (Continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

The following presents the Authority's proportionate share of the net pension liability using the discount rate, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.00% Decrease <u>6.65%</u>	Current Rate <u>7.65%</u>	1.00% Increase <u>8.65%</u>
2018	<u>\$ 2,584,196</u>	<u>\$ 2,047,591</u>	<u>\$ 1,585,442</u>
	1.00% Decrease <u>6.70%</u>	Current Rate <u>7.70%</u>	1.00% Increase <u>8.70%</u>
2017	<u>\$ 2,266,646</u>	<u>\$ 1,848,677</u>	<u>\$ 1,413,484</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued 2018 and 2017 Comprehensive Annual Financial Reports for LASERS at www.lasersonline.org or on the Louisiana Legislative Auditor's website at www.lla.la.gov.

Payables to the Pension Plan

As of December 31, 2018 and 2017, the Authority had no payables recorded for outstanding contributions due to LASERS.

7. OTHER POSTEMPLOYMENT BENEFITS:

Substantially all employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the Authority. These benefits for retirees and similar benefits for active employees are provided through a self-insured/self-funded plan whose premiums are paid jointly by the employee and the Authority. At December 31, 2018 and 2017, 22 and 22 retirees were receiving postemployment benefits, respectively.

LOUISIANA HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

7. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Plan Description

Employees may participate in the State of Louisiana’s Other Postemployment Benefit Plan (OPEB Plan), a multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The state administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

Benefits Provided

The OPEB Plan provides benefits such as; death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

Contributions

The contribution requirements of plan members and the District are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and District contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving postemployment benefits. The retirees contribute to the cost of their postemployment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is based on the following schedule:

<u>OGB</u> <u>Participation</u>	<u>Retiree</u> <u>Share</u>	<u>State</u> <u>Share</u>
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

7. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Contributions (Continued)

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. The total monthly premium is approximately \$1 per thousand dollars of coverage of which the employer pays 50% of the individual retiree's premium.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB

At December 31, 2018 and 2017, the Authority reported a liability of \$803,080 and \$818,209, respectively, for its proportionate share of the collective total OPEB liability. The collective total OPEB liability as of July 1, 2018, was determined by an actuarial valuation as of that date. The Authority's proportion of the total OPEB liability was based on a projection of the Authority's total OPEB liability relative to the projected total OPEB liability of all participating employers, actuarially determined. As of July 1, 2017 and July 1, 2018, the Authority's proportion was .00966 % and .00966%, respectively.

For the years ended December 31, 2018 and 2017, the Authority recognized OPEB expense of \$64,623 and \$31,588, respectively. As of December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>December 31, 2018</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 55,537
Differences between employer contributions and proportionate share of contributions	-	22,260
Differences between expected and actual experience	-	4,619
Employer contributions subsequent to the measurement date	10,394	-
Total	<u>\$ 10,394</u>	<u>\$ 82,416</u>
<u>December 31, 2017</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 44,360
Differences between employer contributions and proportionate share of contributions	-	12,076
Employer contributions subsequent to the measurement date	64,166	-
Total	<u>\$ 64,166</u>	<u>\$ 56,436</u>

LOUISIANA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

7. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB (Continued)

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$10,394 will be recognized as a reduction of the collective total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ended	Amount
June 30	
2019	\$ 27,969
2020	27,969
2021	19,539
2022	6,940
Total	<u>\$ 82,417</u>

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost Method
Inflation	2.8%
Salary Increases	Consistent with the pension valuation assumptions
Discount Rate	2.98% for 2018 and 3.13% for 2017, based on the S&P Municipal Bond 20-Year
Healthcare Cost Trend	High Grade Rate Index 7% - 4.5%
Mortality Rates	For healthy lives, the RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017. For existing disabled lives, the RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study perform for the state retirement systems. Based on the experience studies the mortality assumptions were adopted for the OPEB valuation.

LOUISIANA HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

7. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.98%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB Plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

The discount rate used to measure the total OPEB liability was increased to 3.13% in the July 1, 2017 valuation from 2.71% as of July 1, 2016. The discount rate in the current valuation reflects that the Bond Buyers' 20-Year General Obligation Municipal Bond Index rate was unchanged from the prior year.

Sensitivity of the Authority's Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the collective total OPEB liability, as well as what the Authority's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.98%) or 1% higher (3.98%) than the current discount rate:

	Sensitivity to change in discount rate		
	1.0% Decrease (1.98%)	Current Discount Rate (2.98%)	1.0% Increase (3.98%)
Authority's proportionate share of the collective total OPEB liability	\$ 997,645	\$ 803,080	\$ 689,878

Sensitivity of the Authority's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Authority's proportionate share of the collective total OPEB liability, as well as what the Authority's proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

LOUISIANA HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

7. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Sensitivity of the Authority's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rates (Continued)

	Sensitivity to change in health care trend rate		
	1.00% Decrease	Current Trend Rate	1.00% Increase
Authority's proportionate share of the collective total OPEB liability	\$ 676,756	\$ 803,080	\$ 1,020,051

Payables to the OPEB Plan

As of December 31, 2018 and 2017, the Authority reported no payables outstanding to the OPEB plan for the years ended December 31, 2018 and 2017.

8. OPERATING LEASE:

The Authority has entered into a lease agreement with the Louisiana Housing Authority for the leasing of office space at Mid-City Gardens Apartments in Baton Rouge, Louisiana. The lease agreement commenced on March 20, 2013 and ended June 30, 2016. The term of the agreement was not extended. The Authority was not billed for the lease for the years ended December 31, 2018 and 2017.

9. UNRESTRICTED NET POSITION – DEFICIT BALANCE:

The Authority has a deficit of \$2,546,232 and \$2,547,122 in unrestricted net position as of December 31, 2018 and 2017, respectively. This is primarily due to the reporting of the net pension liability in accordance with GASB 68 in addition to recording of the net OPEB liability in accordance with GASB 75 which required the Authority to record a net pension liability and net OPEB liability. The net pension liability of \$2,047,591 and \$1,848,677 as of December 31, 2018 and 2017, respectively is reported in the statement of net position. The net OPEB liability of \$803,080 and \$818,209 as of December 31, 2018 and 2017, respectively is reported in the statement of net position. Management is currently evaluating the deficit in unrestricted position in order to develop a plan to increase the Authority's profits.

LOUISIANA HOUSING AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
 SHARE OF COLLECTIVE TOTAL OPEB LIABILITY
AS OF AND FOR THE TWO YEARS ENDED DECEMBER 31, 2018

<u>Fiscal Year *</u>	Authority's Proportion of the Collective Total OPEB <u>Liability</u>	Authority's Proportionate Share of the Collective Total <u>OPEB Liability</u>	Authority's Covered- Employee <u>Payroll</u>	Authority's Proportionate Share of the Collective Total OPEB Liability as a % of its Covered- Employee Payroll
2018	0.00966%	\$ 803,080	\$ 470,829	171%
2017	0.00966%	818,209	446,232	183%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ended.

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

LOUISIANA HOUSING AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
 SHARE OF NET PENSION LIABILITY
AS OF AND FOR THE FIVE YEARS ENDED DECEMBER 31, 2018

<u>Fiscal Year *</u>	<u>Authority's Proportion of the Net Pension Liability</u>	<u>Authority's Proportionate Share of the Net Pension Liability</u>	<u>Authority's Covered- Employee Payroll</u>	<u>Authority's Proportionate Share of the Net Pension Liability as a % of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2018	0.02416%	\$ 2,047,591	\$ 477,328	428.97%	64.3%
2017	0.02626%	\$ 1,848,677	\$ 446,232	414.29%	57.7%
2016	0.02468%	\$ 1,937,860	\$ 434,314	446.19%	62.7%
2015	0.02884%	\$ 1,960,914	\$ 518,809	377.96%	65.0%
2014	0.02995%	\$ 1,872,461	\$ 672,509	278.43%	65.0%

*The amounts presented for each fiscal year were determined as of June 30th of the year noted.

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

LOUISIANA HOUSING AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS
FOR THE FIVE YEARS ENDED DECEMBER 31, 2018

<u>Fiscal Year*</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2018	\$ 180,907	\$ 166,849	\$ 14,058	\$ 477,328	35.0%
2017	\$ 165,998	\$ 137,551	\$ 28,447	\$ 446,232	30.8%
2016	\$ 132,069	\$ 133,489	\$ (1,420)	\$ 355,024	37.6%
2015	\$ 158,180	\$ 167,159	\$ (8,979)	\$ 427,513	39.1%
2014	\$ 126,534	\$ 158,067	\$ (31,533)	\$ 404,263	39.1%

*The amounts presented were determined as of the end of the fiscal year.

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

LOUISIANA HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017 AND 2016

1. Schedule of the Authority's Proportionate Share of the Collective Total Other Postemployment Benefit Liability in the State of Louisiana Postemployment Benefits Plan:

This schedule reflects the participation of the Authority's employees in the State of Louisiana Postemployment Benefits Plan and its proportionate share of the collective total other post-employment liability, and the proportionate share of the collective total other post-employment benefits liability as a percentage of its covered employee payroll. The employers' collective total other postemployment benefit liability is the liability of the Authority's employees for benefits provided through the State of Louisiana Postemployment Benefits Plan. Covered employee payroll is the payroll of all employees that are provided with benefits through the plan. The amounts in the schedule for each fiscal year were determined as the prior fiscal year ended.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of the Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

2. Schedule of the Authority's Proportionate Share of the Net Pension Liability in the Louisiana State Employees' Retirement System:

This schedule reflects the participation of the Authority's employees in Louisiana State Employees' Retirement System and its proportionate share of the net pension liability, the proportionate share of the net pension liability as a percentage of its covered employee payroll, and the plan fiduciary net position as a percentage of the total pension liability. The employers' net pension liability is the liability of the Authority's employees for benefits provided through Louisiana State Employees' Retirement System. Covered employee payroll is the payroll of all employees that are provided with benefits through the plan. The amounts in the schedule for each fiscal year were determined as the prior fiscal year ended.

3. Schedule of the Authority's Pension Contributions:

The difference between actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered payroll, is presented in this schedule. The amounts presented in the schedule were determined as of the end of each fiscal year.

4. Changes in Benefit Terms:

Pension Plan

During the reporting period 2017, a Cost of Living Adjustment (COLA) was granted by LASERS of 1.5%.

OPEB Plan

There were no changes in benefit terms for the State of Louisiana OPEB Plan.

LOUISIANA HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
DECEMBER 31, 2017 AND 2016

5. Changes in Assumptions:

OPEB Plan

The discount rate changed from 3.13% as of July 1, 2016 to 2.98% as of July 1, 2017, for the State of Louisiana OPEB Plan.

The discount rate changed from 2.71% as of July 1, 2016 to 3.13% as of July 1, 2017, for the State of Louisiana OPEB Plan.

Pension Plan

Changes in actuarial assumptions are as follows:

Valuation Date	June 30, 2018	June 30, 2017
Discount Rate	7.65%	7.70%
Inflation Rate	2.75%	2.75%
Project Salary Increases	2.80% - 14.30%	2.80% - 14.30%

LOUISIANA HOUSING AUTHORITY - LA903
 BATON ROUGE, LOUISIANA
 OTHER SUPPLEMENTARY INFORMATION
 FINANCIAL DATA SCHEDULE
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Entity Wide Balance Sheet Summary

	CFDA 14.871 Housing Choice Vouchers
111 Cash - Unrestricted	\$ 29,552
113 Cash - Other Restricted	103,569
100 Total Cash	<u>133,121</u>
122 Accounts Receivable - LHC	40,930
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>40,930</u>
142 Prepaid Expenses and Other Assets	20,862
150 Total Current Assets	<u>194,913</u>
164 Furniture, Equipment and Machinery - Administration	93,619
166 Accumulated Depreciation	<u>(80,491)</u>
160 Total Capital Assets, Net of Accumulated Depreciation	<u>13,128</u>
180 Total Non-Current Assets	<u>13,128</u>
200 Deferred Outflow of Resources	<u>307,878</u>
290 Total Assets and Deferred Outflow of Resources	<u>515,919</u>
312 Accounts Payable <= 90 Days	25,188
321 Accrued Wage/Payroll Taxes Payable	15,088
322 Accrued Compensated Absences - Current Portion	4,452
333 Accounts Payable - Other Government	40,930
310 Total Current Liabilities	<u>85,658</u>
354 Accrued Compensated Absences - Non-Current	25,231
357 Accrued Pension and OPEB Liabilities	<u>2,850,671</u>
350 Total Non-Current Liabilities	<u>2,875,902</u>
300 Total Liabilities	<u>2,961,560</u>
400 Deferred Inflow of Resources	<u>100,894</u>
508 Net Investment in Capital Assets	13,128
511 Restricted Net Position	103,569
512 Unrestricted Net Position - Administration	4,364
512 Unrestricted Net Position	<u>(2,667,596)</u>
513 Total Equity - Net Assets / Position	<u>(2,546,535)</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u>515,919</u>

See independent auditor's report.

LOUISIANA HOUSING AUTHORITY - LA903
 BATON ROUGE, LOUISIANA
 OTHER SUPPLEMENTARY INFORMATION
 FINANCIAL DATA SCHEDULE
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Entity Wide Revenue and Expense Summary

	CFDA 14.871 Housing Choice Vouchers
70600 HUD PHA Operating Grants	\$ 13,174,601
71100 Investment Income - Unrestricted	4,435
70000 Total Revenue	<u>13,179,036</u>
91100 Administrative Salaries	487,136
91200 Auditing Fees	19,248
91500 Employee Benefit Contributions - Administrative	190,834
91700 Legal Expense	6,300
91800 Travel	12,340
91900 Other	334,480
91000 Total Operating - Administrative	<u>1,050,338</u>
96900 Total Operating Expenses	<u>1,050,338</u>
97000 Excess of Operating Revenue Over Operating Expenses	<u>12,128,698</u>
97300 Housing Assistance Payments	12,114,737
97400 Depreciation Expense	13,374
90000 Total Expenses	<u>13,178,449</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>587</u>
11030 Beginning Equity	(2,547,122)
11040 Restatement	-
11170 Administrative Fee Equity	(2,650,104)
11180 Housing Assistance Payments Equity	103,569
11190 Unit Months Available	18,780
11210 Number of Unit Months Leased	17,499

See independent auditor's report.



Duplantier
Hrapmann
Hogan &
Maher, LLP

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans

1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore

1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma

247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville

5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

August 28, 2019

Executive Director
Louisiana Housing Authority
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Louisiana Housing Authority (the "Authority"), as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 28, 2019.

Internal Control Over Financial Reporting

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

www.dhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana



Duplantier Hrapmann Hogan & Maher, LLP

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

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

Executive Director
Louisiana Housing Authority
Baton Rouge, Louisiana

August 28, 2019

Report on Compliance for Each Major Federal Program

We have audited the Louisiana Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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

Opinion on Each Major Federal Program

In our opinion, the Authority's 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 December 31, 2018.

Report on Internal Control over Compliance

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

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

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

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

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development: Received directly from the federal government		
Section 8 Housing Choice Vouchers	14.871	\$ <u>13,149,184</u>
Total Federal Award		\$ <u>13,149,184</u>

See accompanying notes to schedule of expenditures of federal awards.

LOUISIANA HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

REPORTING ENTITY:

The accompanying Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Louisiana Housing Authority (the "Authority"). The Authority's reporting entity is defined in Note 1 of the notes to financial statements.

BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2018. 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"). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, change in net positions, or cash flows of the Authority.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *the Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The entity did not elect to use the 10 percent de minimis indirect rate.

PROGRAM COSTS:

The amounts presented as federal expenditures represent only the federal portion of the actual program costs. Actual program costs, including the Authority's portion, may be more than is shown on the schedule.

LOUISIANA HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | | | | |
|---|------------|-------------|--|------------|
| a. Type of auditor's report issued: | Unmodified | | | |
| b. Internal control over financial reporting: | | | | |
| Material weaknesses identified | _____yes | _____✓_____ | | no |
| Significant deficiencies identified that are not considered to be material weaknesses | _____yes | _____✓_____ | | none noted |
| c. Noncompliance material to financial statements noted | _____yes | _____✓_____ | | no |

Federal Awards

- | | | | | |
|---|------------|-------------|--|------------|
| a. Type of auditor's report issued on compliance for major programs: | Unmodified | | | |
| b. Internal control over major programs: | | | | |
| Material weaknesses identified | _____yes | _____✓_____ | | no |
| Significant deficiencies identified that are not considered to be material weaknesses | _____yes | _____✓_____ | | none noted |
| c. Any audit findings disclosed that are required to be reported by Title 2 U.S. Code of Federal Regulations Part 200 | _____yes | _____✓_____ | | no |
| d. Identification of major programs: | | | | |

CFDA Number
14.871

Name of Federal Program
Section 8 Housing Choice Vouchers

- | | | | | |
|---|-------------------|---------|--|--|
| e. Dollar threshold used to distinguish between Type A and Type B programs: | | | | |
| | \$ <u>750,000</u> | | | |
| f. Auditee qualified as low-risk | _____✓_____yes | _____no | | |

LOUISIANA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

B. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None noted.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS UNDER *THE UNIFORM GUIDANCE*

None noted.

D. SUMMARY OF PRIOR YEAR FINDINGS

None noted.