

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

**Annual Financial Report
As of and for the Year Ended September 30, 2019**

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Louisiana
Basic Financial Statements
As of and for the Year Ended September 30, 2019
With Supplemental Information Schedules

CONTENTS

	Statement	Page
Independent Auditor’s Report		3
Required Supplementary Information		
Management’s Discussion and Analysis		6
Basic Financial Statements:		
Statement of Net Position	A	13
Statement of Revenues, Expenses and Changes in Net Position	B	15
Statement of Cash Flows	C	16
Combining Statement of Net Position for Discrete Component Units	D	18
Combining Statement of Revenues, Expenses and Changes in Net Position for the Discrete Component Units	E	19
Combining Statement of Cash Flows for the Discrete Component Units	F	20
Notes to the Financial Statements		22
Supplementary Information		
Financial Data Schedule		37
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer		42
Agreed-upon Procedures Report		43
Other Reports Required by <i>Government Auditing Standards</i> and OMB Uniform Guidance:		
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 <i>Government Auditing Standards</i>		52
Independent Auditor’s Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		54
Schedule of Expenditures of Federal Awards		57
Schedule of Current Year Findings and Questioned Costs		59
Other Information		
Schedule of Prior Audit Findings		61
Schedule of Compensation Paid Board Members		62

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

Telephone 866-829-0993
Fax 225-570-1362
E-mail danny@highperformer.net

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Lafayette (the authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the discretely presented component units of the Housing Authority, which represent 100% of the assets, net position and revenues as of December 31, 2018 of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and my opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Independent Auditor's Report, 2019

Page Two

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

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

Opinions

In my opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the Housing Authority of the City of Lafayette as of September 30, 2019, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana
Independent Auditor's Report, 2019
Page Three

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 22, 2020 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the authority's internal control over financial reporting and compliance.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

January 22, 2020

REQUIRED SUPPLEMENTARY INFORMATION

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

**Housing Authority of the City of Lafayette
Management's Discussion and Analysis (MD&A)
September 30, 2019**

As management of the Housing Authority, we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended September 30, 2019. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. Unless stated otherwise, information presented in the MD&A is in thousands.

FINANCIAL HIGHLIGHTS

- . The assets of the Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$8,549,657 (*net position*). Of this amount, \$2,595,981 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- . As of the close of the current fiscal year, the Housing Authority's enterprise funds reported combined ending net position of \$8,549,657, an increase of \$166,975. Approximately 30% of this total amount is *available for spending* at the Housing Authority's discretion (*unrestricted net position*).
- . The discretely presented component units consist of the St. Antoine Gardens, L.P. and Villa Gardens, L.P. in which the fiscal year ended December 31, 2018 was reported. The total operating revenues for the fiscal year ended December 31, 2018 were \$704,603 and the total operating expenditures were \$1,039,841. The total nonoperating expenses were \$220,491. The change in net position decreased \$555,729. A copy of the St. Antoine, L.P.'s and Villa Gardens, L.P.'s audit reports may be obtained from the Housing Authority.

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

FUND FINANCIAL STATEMENTS A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Housing Authority are reported as proprietary fund types.

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

**Housing Authority of the City of Lafayette
Management's Discussion and Analysis (MD&A)
September 30, 2019**

Financial Section

Required Supplementary Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

**Fund
Financial Statements**

**Notes to the Basic Financial
Statements**

Supplementary Information

Financial Data Schedule

Schedule of Compensation, Benefits and Other Payments to Agency Head

Single Audit Information

Other Information

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

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

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

**Housing Authority of the City of Lafayette
Management's Discussion and Analysis (MD&A)
September 30, 2019**

FINANCIAL ANALYSIS The Housing Authority's net position was \$8,549,657 at September 30, 2019. Of this amount, \$2,595,981 was unrestricted. Our analysis below focuses on the net position and the change in net position of the Housing Authority as a whole.

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

	2019	2018	Variance
Assets			
Current assets	\$ 5,345	\$ 4,973	\$ 372
Restricted current assets	294	223	71
Capital assets, net	5,825	6,333	(508)
Non current assets	692	692	-
Total assets	<u>12,156</u>	<u>12,221</u>	<u>(65)</u>
Liabilities			
Current liabilities	3,476	3,629	(153)
Current liabilities payable from current restricted assets	117	115	2
Long-term liabilities	13	95	(82)
Total liabilities	<u>3,606</u>	<u>3,839</u>	<u>(233)</u>
Net position			
Net investment in capital assets	5,777	6,102	(325)
Restricted for HAP	177	108	69
Unrestricted	2,596	2,172	424
Total net position	<u>\$ 8,550</u>	<u>\$ 8,382</u>	<u>\$ 168</u>

**Housing Authority of the City of Lafayette
Management's Discussion and Analysis (MD&A)
September 30, 2019**

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

	2019	2018	Variance
Revenues/capital contributions:			
Operating revenues			
Dwelling rental	\$ 1,186	\$ 1,162	\$ 24
Other	743	780	(37)
Federal grants	11,829	11,762	67
Nonoperating revenues			
Interest earnings	3	2	1
Miscellaneous	35	228	(193)
Gain on sale of capital assets	2	1	1
Capital contributions	-	341	(341)
Total revenues/capital contributions	<u>13,798</u>	<u>14,276</u>	<u>(478)</u>
Expenses:			
Operating expenses			
Administration	1,650	1,791	(141)
Tenant services	25	31	(6)
Utilities	483	466	17
Maintenance	1,153	1,374	(221)
Protective services	8	8	-
General expenses	712	621	91
Housing assistance payments	9,147	9,006	141
Depreciation	489	649	(160)
Total operating expenses	<u>13,667</u>	<u>13,946</u>	<u>(279)</u>
Non operating expense:			
Interest expense	7	15	(8)
Total expenses	<u>13,674</u>	<u>13,961</u>	<u>(287)</u>
Special item	(44)	-	(44)
Increase (decrease) in net position	<u>\$ 168</u>	<u>\$ 315</u>	<u>\$ (147)</u>

Total revenues decreased by \$478 (thousand):

- Dwelling rental increased \$24 thousand.
- Other revenue decreased \$37 thousand.
- Federal Grants increased \$67 thousand mainly due to an increase vouchers from the Mainstream 5 program as well as in July 2019 the Housing Authority had taken over the Housing Choice Voucher Program that was being operated by the City of Jeanerette.
- Miscellaneous non-operating revenues decreased \$193 thousand due to insurance proceeds.
- Capital contributions decreased \$341 thousand due to the Housing Authority did not have any construction projects going on during the fiscal year. Additionally, the Housing Authority used capital funds were utilized for operating costs.

**Housing Authority of the City of Lafayette
Management's Discussion and Analysis (MD&A)
September 30, 2019**

Total expenses decreased \$279 (thousand):

- Administration decreased \$141 thousand due to salaries and benefits from two developments not having all positions filled during the fiscal year. Additionally, the Housing Authority did not have a full-time Executive Director for the month of September.
- Maintenance expenses decreased \$221 thousand due to the Housing Authority had repairs in the prior year due to damage that occurred and was reimbursed with insurance procedures as well as there was a reduction in salaries and benefits.
- General expenses increased \$91 thousand due to a combination of increase in insurance premiums, compensated absences earned, bad debt costs and other general expenses.
- Housing assistance payments increased \$141 thousand due to the Housing Authority receiving 50 new Mainstream 5 vouchers as well as in July 2019 the Housing Authority had taken over the Housing Choice Voucher Program that was being operated by the City of Jeanerette.
- Depreciation decreased \$160 thousand due to a full year of depreciation for the completion of Phase 2 modifications.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2019, the Housing Authority had \$5,825 (thousand) invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$508 (thousand) or 8% from last year. See Note C to the financial statements for more detail on capital assets. The decrease is due to current year depreciation as well as due to disposition over four vehicles during the fiscal year.

**Capital Assets
(in thousands)**

	2019	2018
Land	\$ 964	\$ 964
Site improvements and buildings	4,716	5,183
Furniture and equipment	62	95
Infrastructure	83	91
Totals	\$ 5,825	\$ 6,333

Debt

Our long-term debt includes accrued annual and sick leave (compensated absences payable) of \$114 (thousand). Also, included in the long-term debt is the last payment for the capital lease of \$47 (thousand). We present more detail about our long-term liabilities in the Note E to the financial statements.

**Housing Authority of the City of Lafayette
Management's Discussion and Analysis (MD&A)
September 30, 2019**

ECONOMIC FACTORS The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions.

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	<u>Total Primary Government</u>	Statement A <u>Discrete Component Units</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 4,912,496	\$ 100,360
Accounts receivable other government	52,155	-
Accounts receivable HUD	9,899	-
Accounts receivable tenants, net	9,526	-
Due from component units, net	33,731	-
Accounts receivable miscellaneous, net	20,887	8,782
Prepaid items and other assets	207,189	24,432
Inventory	98,783	-
Restricted deposits	293,965	574,283
	5,638,631	707,857
Total Current Assets		
Noncurrent Assets:		
Other assets	-	59,554
Capital Assets:		
Land and construction in progress	964,417	513,824
Buildings, improvements, equipment and infrastructure (net of accumulated depreciation)	4,859,798	9,280,364
Notes receivable from component unit	435,924	-
Due from component units	191,843	-
Unearned developer fee receivable from component unit	64,750	-
	6,516,732	9,853,742
Total Noncurrent Assets		
TOTAL ASSETS	\$ 12,155,363	\$ 10,561,599

(continued)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Statement A

	<u>Total Primary Government</u>	<u>Discrete Component Units</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 76,022	\$ 32,858
Payable to other governments	95,807	-
Unearned revenue	9,590	4,859
Accrued wages payable	37,666	-
Interest payable	178	12,364
HUD liability	139,378	-
Current portion of compensated absences	101,485	-
Other liability	2,968,304	-
Current portion of long-term debt	47,188	37,095
Deposits due others	117,316	57,292
	<hr/>	<hr/>
Total Current Liabilities	3,592,934	144,468
	<hr/>	<hr/>
Noncurrent Liabilities:		
Compensated absences payable	12,772	-
Note payable to primary government	-	1,269,452
Interest payable to primary government	-	483,076
Fee payable	-	150,636
Due to primary government	-	550,458
Unearned developer fee payable to primary government	-	97,456
Long-term debt	-	2,341,751
	<hr/>	<hr/>
Total Noncurrent Liabilities	12,772	4,892,829
	<hr/>	<hr/>
TOTAL LIABILITIES	3,605,706	5,037,297
	<hr/>	<hr/>
NET POSITION:		
Net investment in capital assets	5,777,027	6,036,070
Restricted for HAP	176,649	-
Unrestricted	2,595,981	(511,768)
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 8,549,657	\$ 5,524,302
	<hr/>	<hr/>

(concluded)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Total Primary <u>Government</u>	Statement B Discrete Component <u>Units</u>
Operating Revenues:		
Dwelling rental	\$ 1,185,537	\$ 686,306
Other operating	742,730	18,297
Federal grants	11,829,355	-
	<hr/>	<hr/>
Total operating revenues	13,757,622	704,603
Operating Expenses:		
Administration	1,649,681	147,031
Tenant services	25,115	-
Utilities	482,582	9,504
Maintenance	1,153,142	364,407
Protective services	7,640	-
General expenses	712,176	111,938
Housing assistance payments	9,147,339	-
Depreciation and amortization	489,380	406,961
	<hr/>	<hr/>
Total operating expenses	13,667,055	1,039,841
Operating income (loss)	<hr/> 90,567	<hr/> (335,238)
Nonoperating revenues (expenses):		
Interest earnings	2,797	4,779
Miscellaneous revenues	34,904	-
Gain on sale of capital assets	1,651	-
Interest expense	(6,699)	(225,270)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	32,653	(220,491)
Net income (loss) before contributions and special items	123,220	(555,729)
Capital contributions	-	-
Special items	43,755	-
	<hr/>	<hr/>
Change in net position	166,975	(555,729)
NET POSITION, beginning of year	<hr/> 8,382,682	<hr/> 6,080,031
NET POSITION, end of year	<hr/> <u>\$ 8,549,657</u>	<hr/> <u>\$ 5,524,302</u>

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Statement C

	<u>Total Primary Government</u>	<u>Discrete Component Units</u>
Cash Flows from Operating Activities:		
Rental receipts	\$ 1,462,665	\$ 717,258
Other receipts	466,421	48
Federal grants	11,826,306	-
Payments to vendors	(2,949,465)	(477,767)
Payments to employees	(1,114,881)	(98,000)
Payments to private landlords	(9,147,339)	-
Other payments	<u>-</u>	<u>(28,023)</u>
Net Cash Provided (Used) by Operating Activities	<u>543,707</u>	<u>113,516</u>
Cash Flows from Noncapital Financing Activities:		
Miscellaneous Revenues	34,904	-
Special items	<u>43,755</u>	<u>-</u>
Net Cash Provided (Used) by noncapital Financing Activities	<u>78,659</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of capital assets	1,651	
Principal paid on capital debt	(183,504)	(28,766)
Interest paid on capital debt	<u>(6,699)</u>	<u>(187,082)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(188,552)</u>	<u>(215,848)</u>
Cash Flows from Investing Activities:		
Interest and dividends	<u>2,797</u>	<u>4,779</u>
Net Cash Provided (Used) by Investing Activities	<u>2,797</u>	<u>4,779</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>436,611</u>	<u>(97,553)</u>
CASH, beginning of year	<u>4,769,850</u>	<u>772,196</u>
CASH, end of year	<u>\$ 5,206,461</u>	<u>\$ 674,643</u>

(continued)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Statement C	
	Total Primary <u>Government</u>	Discrete Component <u>Units</u>
Cash and cash equivalents	\$ 4,912,496	\$ 100,360
Restricted deposits	<u>293,965</u>	<u>574,283</u>
Total cash and cash equivalents	<u><u>5,206,461</u></u>	<u><u>674,643</u></u>
Reconciliation of Operating Income		
(Loss) to Net Cash Provided (Used)		
by Operating Activities:		
Operating income (loss)	90,567	(335,238)
Adjustments to reconcile operating income		
to net cash provided (used) by operating activities:		
Depreciation and amortization expense	489,380	416,707
Change in assets and liabilities:		
Receivables, net	(1,209)	10,511
Inventories	4,545	-
Prepaid items	(9,506)	(2,401)
Accounts payable	8,302	17,400
HUD liability	(106)	-
Accrued wages payable	(4,567)	-
PILOT payable	3,178	-
Other liability	(12,812)	-
Fee payable	-	4,343
Unearned revenue	2,479	2,566
Deposits due others	2,206	(372)
Compensated absences	<u>(28,750)</u>	<u>-</u>
NET CASH PROVIDED (USED)		
BY OPERATING ACTIVITIES	<u><u>\$ 543,707</u></u>	<u><u>\$ 113,516</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	<u><u>\$ 6,699</u></u>	<u><u>\$ 171,608</u></u>

(concluded)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
 COMBINING STATEMENT OF NET POSITION FOR DISCRETE COMPONENT UNITS
 SEPTEMBER 30, 2019

Statement D

ASSETS	Discrete Component Units		
	St. Antoine Gardens, L. P.	Villa Gardens, L. P.	Total Discrete Component Units
Current assets			
Cash and cash equivalents	\$ 11,213	\$ 89,147	\$ 100,360
Accounts receivable, net	2,764	6,018	8,782
Prepaid expenses and other assets	13,027	11,405	24,432
Restricted deposits	209,923	364,360	574,283
Total current assets	<u>236,927</u>	<u>470,930</u>	<u>707,857</u>
Non Current Assets			
Other assets	49,500	10,054	59,554
Capital assets:			
Land	98,500	415,324	513,824
Buildings, improvements and equipment, net of depreciation	3,510,423	5,769,941	9,280,364
Total noncurrent assets	<u>3,658,423</u>	<u>6,195,319</u>	<u>9,853,742</u>
Total assets	<u>3,895,350</u>	<u>6,666,249</u>	<u>10,561,599</u>
LIABILITIES			
Current Liabilities			
Accounts payable	10,143	22,715	32,858
Unearned revenue	1,999	2,860	4,859
Interest payable	3,348	9,016	12,364
Current portion of long-term debt	12,309	24,786	37,095
Deposits due others	21,302	35,990	57,292
Total current liabilities	<u>49,101</u>	<u>95,367</u>	<u>144,468</u>
Noncurrent Liabilities			
Note payable to primary government	435,924	833,528	1,269,452
Interest payable to primary government	266,409	216,667	483,076
Fee payable	96,358	54,278	150,636
Due to primary government	550,458	-	550,458
Unearned developer fee payable to primary government	97,456	-	97,456
Long-term debt	515,371	1,826,380	2,341,751
Total noncurrent liabilities	<u>1,961,976</u>	<u>2,930,853</u>	<u>4,892,829</u>
Total liabilities	<u>2,011,077</u>	<u>3,026,220</u>	<u>5,037,297</u>
NET POSITION			
Net investment in capital assets	2,544,515	3,491,555	6,036,070
Unrestricted	(660,242)	148,474	(511,768)
TOTAL NET POSITION	<u>\$ 1,884,273</u>	<u>\$ 3,640,029</u>	<u>\$ 5,524,302</u>

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE DISCRETE COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Statement E

	Discrete Component Units		
	St. Antoine Gardens, L. P.	Villa Gardens, L. P.	Total Discrete Component Units
Operating Revenues			
Dwelling rental	\$ 255,574	\$ 430,732	\$ 686,306
Other operating	5,194	13,103	18,297
Total operating revenues	<u>260,768</u>	<u>443,835</u>	<u>704,603</u>
Operating Expenses			
Administration	62,528	84,503	147,031
Utilities	3,659	5,845	9,504
Maintenance	204,201	160,206	364,407
General expenses	44,990	66,948	111,938
Depreciation and amortization	130,223	276,738	406,961
Total operating expenses	<u>445,601</u>	<u>594,240</u>	<u>1,039,841</u>
Operating income (loss)	<u>(184,833)</u>	<u>(150,405)</u>	<u>(335,238)</u>
Nonoperating Revenues (Expenses):			
Interest earnings	3,935	844	4,779
Interest expense	(72,744)	(152,526)	(225,270)
Total nonoperating revenues (expenses)	<u>(68,809)</u>	<u>(151,682)</u>	<u>(220,491)</u>
Income (loss) before other revenues, expenses, gains and losses	<u>(253,642)</u>	<u>(302,087)</u>	<u>(555,729)</u>
Capital contributions	-	-	-
Increase (decrease) in net position	(253,642)	(302,087)	(555,729)
Net position, beginning of year	<u>2,137,915</u>	<u>3,942,116</u>	<u>6,080,031</u>
Net position, end of year	<u>\$ 1,884,273</u>	<u>\$ 3,640,029</u>	<u>\$ 5,524,302</u>

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE DISCRETE COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Statement F

	Discrete Component Units		
	St Antoine Gardens, L.P.	Villa Gardens L. P.	Total Discrete Component Units
Cash Flows from Operating Activities:			
Rental receipts	\$ 269,475	\$ 447,783	\$ 717,258
Other receipts	48	-	48
Payments to vendors	(271,021)	(206,746)	(477,767)
Payments to employees	(28,080)	(69,920)	(98,000)
Other payments	(20,643)	(7,380)	(28,023)
	(50,221)	163,737	113,516
Cash Flows from Capital and Related Financing Activities:			
Principal paid on capital debt	(5,729)	(23,037)	(28,766)
Interest paid on capital debt	(46,348)	(140,734)	(187,082)
	(52,077)	(163,771)	(215,848)
Cash Flows from Investing Activities:			
Interest and dividends	3,935	844	4,779
	3,935	844	4,779
Net Increase (Decrease) in Cash and Cash Equivalents	(98,363)	810	(97,553)
CASH, beginning of year	319,499	452,697	772,196
CASH, end of year	\$ 221,136	\$ 453,507	\$ 674,643

(continued)

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

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE DISCRETE COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Statement F

	Discrete Component Units		
	St Antoine Gardens, L.P.	Villa Gardens L. P.	Total Discrete Component Units
Cash and cash equivalents	\$ 11,213	\$ 89,147	\$ 100,360
Restricted deposits	209,923	364,360	574,283
	<u>221,136</u>	<u>453,507</u>	<u>674,643</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	(184,833)	(150,405)	(335,238)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	130,222	286,485	416,707
Change in assets and liabilities:			
Receivables, net	8,745	1,766	10,511
Prepaid items	(306)	(2,095)	(2,401)
Accounts payable	2,807	14,593	17,400
Fee payable	(6,866)	11,209	4,343
Unearned revenue	(38)	2,604	2,566
Deposits due others	48	(420)	(372)
	<u>48</u>	<u>(420)</u>	<u>(372)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (50,221)</u>	<u>\$ 163,737</u>	<u>\$ 113,516</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	<u>\$ 40,621</u>	<u>\$ 130,987</u>	<u>\$ 171,608</u>

(concluded)

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Notes to the Basic Financial Statements

September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Reporting Entity

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

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

The Housing Authority administers the following units:

Low Rent	LA005	572
Section 8 Housing Choice Vouchers	LA005	1,839
Mainstream Vouchers	LA005	50

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

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, LOUISIANA
Notes to the Financial Statements, 2019 - continued

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

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

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

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

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

The governing body of the Housing Authority is considered to have complete control over LLIHMC but not complete control over SAGLP and VGLP. As a result, LHA records LLIHMC in the LHA financial statements as a blended entity. LHA includes SAGLP and VGLP through discrete presentation. The financial position, changes in net position and cash flows of SAGLP and VGLP are presented as of and for the year ended December 31, 2018.

Separate financial statements of SAGLP and VGLP were issued for fiscal year ended December 31, 2018, and can be obtained from the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2019 - continued

The authority is a related organization of the City of Lafayette, Louisiana since the city appoints a voting majority of the authority's governing board. The city is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to, or impose financial burdens on, the city. Accordingly, the authority is not a component unit of the financial reporting entity of the city.

(2) Funds

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

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD operating grants and subsidies, Section 8 Housing Assistance Subsidies, Section 8 Administrative Fees and tenant dwelling rents. Operating expenses include Section 8 Housing Assistance Payments, General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

(3) Measurement focus and basis of accounting

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2019 - continued

Proprietary Funds – Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets, all liabilities, and deferred inflows/outflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenues of the Housing Authority are rental income, maintenance charges to the residents and federal operating grants. Operating expenses include the costs of providing these services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(4) Assets, liabilities, and net position

(a) Deposits

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

(b) Inventory and prepaid items

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

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

(c) Restricted Assets

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

(d) Capital assets

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

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2019 - continued

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

(e) Due from/to other governments or agencies

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

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At September 30, 2019, the management of the authority established an allowance for doubtful accounts of approximately \$3,017,591.

(g) Compensated absences

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

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

(h) Restricted net position

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

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

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2019 - continued

(i) Use of estimates

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

(j) Amortization

St. Antoine Gardens, L.P., a component unit of the Housing Authority amortizes its tax credit costs over the ten-year tax credit period using the straight-line method beginning in the first year in which tax credits are taken. For the year ended December 31, 2018, accumulated amortization totaled \$22,469.

Villa Gardens, L.P., a component unit of the Housing Authority amortizes its tax credit costs over the ten-year tax credit period using the straight-line method beginning in the first year in which tax credits are taken. For the year ended December 31, 2018, accumulated amortization totaled \$33,096.

NOTE B – DEPOSITS

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

As of September 30, 2019, the authority's carrying amount of deposits was \$5,206,461, which includes the following:

Cash and cash equivalents-unrestricted	\$4,912,496
Cash and cash equivalents- restricted	293,965
Total	\$5,206,461

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

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

Custodial Credit Risk—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2019 - continued

policy for custodial credit risk. \$267,620 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$5,098,880 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances at September 30, 2019 totaled \$5,366,500.

The carrying amount of the deposits as of December 31, 2018 for St. Antoine Gardens, L.P., the Housing Authority's discretely presented component unit, was \$11,213 classified as cash and cash equivalents and \$209,923 classified as restricted deposits. As of December 31, 2018, there were no uninsured deposits. The restricted deposits of \$209,923 consisted of \$21,302 in tenant security deposits, \$24,111 in insurance escrow reserve, \$42,132 in replacement reserve, \$24,708 in special purpose reserves, and \$97,670 in operating reserves.

The carrying amount of the deposits as of December 31, 2018 for Villa Gardens, L.P., the Housing Authority's discretely presented component unit, was \$89,147 classified as cash and cash equivalents and \$364,360 classified as restricted deposits. As of December 31, 2018, there were uninsured deposits of \$162,436, note that the component units are not required to have all deposits insured by the federal government. The restricted deposits of \$364,360 consisted of \$33,145 in tenant security deposits, \$42,002 in tax and insurance escrow, \$110,599 in replacement reserve, and \$178,614 in operating reserve.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, LOUISIANA
Notes to the Financial Statements, 2019 - continued

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2019 was as follows:

	<u>9 30 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>9 30 2019</u>
Nondepreciable Assets:				
Land	\$ 964,417	\$ -	\$ -	\$ 964,417
Depreciable Assets:				
Building and improvements	23,715,512	-	-	23,715,512
Furniture and equipment	559,218	-	66,351	492,867
Infrastructure	<u>115,000</u>			<u>115,000</u>
Total	<u>25,354,147</u>	<u>-</u>	<u>66,351</u>	<u>25,287,796</u>
Less accumulated depreciation				
Building and improvements	18,532,827	467,656	-	19,000,483
Furniture and equipment	463,810	14,377	46,715	431,472
Infrastructure	<u>24,279</u>	<u>7,347</u>		<u>31,626</u>
Total accumulated depreciation	<u>19,020,916</u>	<u>489,380</u>	<u>46,715</u>	<u>19,463,581</u>
Net Capital Assets	<u>\$ 6,333,231</u>	<u>\$ (489,380)</u>	<u>\$ 19,636</u>	<u>\$ 5,824,215</u>

Component Units

	<u>12 31 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>12 31 2018</u>
Nondepreciable Assets:				
Land	\$ 513,824	\$ -	\$ -	\$ 513,824
Depreciable Assets:				
Building and improvements	12,303,244	-	-	12,303,244
Furniture and equipment	<u>633,993</u>	<u>-</u>	<u>-</u>	<u>633,993</u>
Total	<u>13,451,061</u>	<u>-</u>	<u>-</u>	<u>13,451,061</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>3,254,139</u>	<u>402,734</u>	<u>-</u>	<u>3,656,873</u>
Net Capital Assets	<u>\$ 10,196,922</u>	<u>\$ (402,734)</u>	<u>\$ -</u>	<u>\$ 9,794,188</u>

NOTE D – COMPENSATED ABSENCES

At September 30, 2019, employees of the authority have accumulated and vested \$114,257 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$12,772 is reported in long-term debt.

NOTE E – LONG TERM OBLIGATIONS

At September 30, 2019, employees of the Housing Authority have accumulated and vested \$114,257 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

The following is a summary of the long-term obligation transactions and balances for the year ended September 30, 2019:

Primary Government

	Compensated Absences	Lease Payable
Balance as of October 1, 2018	\$143,007	\$230,692
Additions	72,735	-
Deletions	(101,485)	(183,504)
Balance September 30, 2019	114,257	47,188

Due in one year	\$101,485	\$47,188
-----------------	-----------	----------

Component Units:

	Long-term Debt	Note Payable – Primary Government
Balance as of January 1, 2018	\$2,524,777	\$1,269,452
Additions	-	-
Deletions	(34,494)	-
Note payable December 31, 2018	2,490,283	1,269,452
Less: Unamortized debt issuance costs	(111,437)	-
Total December 31, 2018	2,378,846	1,269,452

Due in one year	\$37,095	\$ -
-----------------	----------	------

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2019 - continued

The Housing Authority entered into a water and energy service agreement with Water and Energy Savings Corporation on July 25, 2007. The Water and Energy Savings Corporation also monitors the savings. In order to meet the requirements of the agreement and to complete the necessary modernizations to Public Housing Authority's developments, the Housing Authority signed a lease-purchase agreement on December 27, 2007 for \$1,644,912. This amount was also added to buildings and improvements for the fiscal year ended September 30, 2008. The current year depreciation expense and accumulated depreciation for the improvements are \$5,711 and \$1,513,546, respectively, for the fiscal year ended September 30, 2019.

The capital lease payable at September 30, 2019, is the following issue:

	<u>Original Interest</u> <u>Amount</u>	<u>Rate</u>	<u>Final</u> <u>Payment Due</u>	<u>Interest to</u> <u>Maturity</u>	<u>Principal</u> <u>Outstanding</u>
Lease Payable	\$ 1,644,912	4.55%	12/31/19	\$ 537	\$ 47,188

The capital lease is due as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Total</u> <u>Payments</u>
2020	\$ 47,725
Total minimum lease payment	47,725
Less: amount representing interest	(537)
Present value of minimum lease payments	\$ <u>47,188</u>

On June 25, 2009, the SAGLP component unit entered into a loan agreement in the amount of \$640,000 with JP Morgan Chase Bank, NA. The loan is payable in monthly installments of principal and interest of \$4,340 until its maturity on July 1, 2027, at which time any remaining principal and interest shall be due and payable. The loan bears interest at a rate of 7.19% per annum and is collateralized primarily by the component unit's land and improvements, thereon. As of December 31, 2018, the loan balance was \$558,702.

Note Payable	\$558,702
Less Unamortized Debt Issuance Costs	<u>(31,022)</u>
Note Payable, net	\$527,680

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2019 - continued

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

On March 7, 2012, VGLP entered into a permanent loan agreement to receive funds of \$1,600,000 from Capital One, NA. The loan bears interest at a rate of 7.34% per annum and was payable in monthly installments of principal and interest of \$11,013 until its maturity on March 7, 2027, at which time any remaining principal and interest shall be due and payable. As of December 31, 2018, the amount owed on this loan was \$1,473,967.

Note Payable	\$1,473,967
Less Unamortized Debt Issuance Costs	<u>(80,415)</u>
Note Payable, net	\$1,393,552

VGLP also entered into a permanent loan agreement with Lafayette Public Trust Financing Authority on July 16, 2010, which is collateralized by a mortgage on real property and a security agreement. The maximum amount that can be drawn on the loan is \$463,250. The loan bears no interest and is payable solely from 75% of net cash flow commencing on January 1, 2011 and matures on June 30, 2025. As of December 31, 2018, the amount owed on this loan was \$457,615. VGLP also entered into a loan with the primary government during the fiscal year ended December 31, 2011 in the amount of \$833,527. The loan bears interest at a fixed rate of 4.0% per annum and is payable in annual installments solely from 75% of surplus cash flow, due on the first day of April commencing April 1, 2012 and matures on August 1, 2045. As of December 31, 2018, the amount owed on this loan was \$833,527 plus \$216,667 of accrued interest.

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

	Principal	Interest	Total
	Payments	Payments	Payments
2019	\$ 37,094	\$ 147,137	\$ 184,231
2020	39,891	144,340	184,231
2021	42,898	141,333	184,231
2022	46,132	138,099	184,231
2023	49,610	134,621	184,231
2024-2027	<u>2,274,658</u>	<u>420,316</u>	<u>2,694,974</u>
	\$ 2,490,283	\$ 1,125,846	\$ 3,616,129

NOTE F – COMMITMENTS AND CONTINGENCIES

Memorandums of Understanding (MOU):

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

A main effect of these MOU's is:

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

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

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

First MOU -- In January 2013 a MOU was executed between LHA and Lafayette Low Income Housing Corporation (LLIHC). Previously St Antione Gardens LP was merged into LLIHC at the direction of HUD. As a result of this MOU LLIHC/SAG expensed \$259,000, which was credited to AR from SAG on the Section 8 books, leaving a balance of \$131,564 due to Section 8 for the issues covered by this MOU.

Second MOU -- In February 2013 a MOU was executed between LHA and LLIHC and Villa Gardens Housing Corporation (VGHC). The purpose of this MOU is to formalize the agreement to repay questioned costs identified by an OIG report in 2011 in the amount of \$2,976,813. The parties agreed that Management Fees paid in the future will be credited to the account receivable described above. The parties agreed that any additional earnings by LLIHC from VGHC and/or SAG will be credited to the AR, considered by the parties to be a significant commitment. As a result of this MOU the PHA records \$2,897,807 as AP LHA and \$2,864,779 of this amount as uncollectible. LHA states that HUD required this recordation as part of the MOU negotiations with the idea being that HUD insists LHA continue recording the AR until paid in full from all available non Federal Funds.

Contingent guarantees:

The Housing Authority executed contingent guarantees relating to component units.

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

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

NOTE G - RETIREMENT PLAN

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

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make contributions equal to 3% of each participant's basic compensation. The contribution rates are established by the Housing Authority board. The employee may make monthly voluntary contributions of his or her basic compensation. Employee contributions totaled \$14,025 for the year ended September 30, 2019.

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

The Housing Authority's total payroll for year ended September 30, 2019 was \$1,081,564. The Housing Authority's contributions were calculated using the base salary amount of \$1,050,902. The Housing Authority made the required contributions of \$31,526 for the year ended September 30, 2019.

NOTE H – RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

LAFAYETTE, LOUISIANA

Notes to the Financial Statements, 2019 - continued

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

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

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

NOTE I – FEDERAL COMPLIANCE CONTINGENCIES

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

NOTE J – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through January 22, 2020 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE K – ECONOMIC DEPENDENCE

Financial Accounting Standards Boards Accounting Standards Codification 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$11,829,355 to the authority, which represents approximately 86% of the authority's total revenue for the year.

NOTE L – SPECIAL ITEMS

During the fiscal year the authority, through a voluntary transfer, absorbed the Housing Choice Voucher program of another agency. This transfer included \$43,755 of administrative reserves.

Financial Data Schedule

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.IKE DHAP-IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discreetly Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,769,037	\$410,457	\$678,172	\$100,360	\$374,048	\$32,653		\$648,129	\$5,012,856		\$5,012,856
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted			\$112,260	\$519,836			\$64,389		\$696,485		\$696,485
114 Cash - Tenant Security Deposits	\$117,316			\$54,447					\$171,763		\$171,763
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	\$2,886,353	\$410,457	\$790,432	\$674,643	\$374,048	\$32,653	\$64,389	\$648,129	\$5,881,104	\$0	\$5,881,104
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects	\$9,899								\$9,899		\$9,899
124 Accounts Receivable - Other Government			\$52,155						\$52,155		\$52,155
125 Accounts Receivable - Miscellaneous	\$79,797		\$164,081	\$688		\$500,674		\$2,878,992	\$3,624,232		\$3,624,232
126 Accounts Receivable - Tenants	\$37,687			\$9,784					\$47,471		\$47,471
126.1 Allowance for Doubtful Accounts - Tenants	-\$28,161			-\$1,690					-\$29,851		-\$29,851
126.2 Allowance for Doubtful Accounts - Other	-\$46,066		\$11,630	\$0		\$0		-\$2,818,713	-\$2,876,409		-\$2,876,409
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery	\$9,438		\$103,583						\$113,021		\$113,021
128.1 Allowance for Doubtful Accounts - Fraud	-\$9,438		-\$103,583						-\$113,021		-\$113,021
129 Accrued Interest Receivable											
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$53,156	\$0	\$204,606	\$8,782	\$0	\$500,674	\$0	\$60,279	\$827,497	\$0	\$827,497
131 Investments - Unrestricted											
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	\$168,278		\$8,949	\$24,432				\$29,962	\$231,621		\$231,621
143 Inventories	\$98,783								\$98,783		\$98,783
143.1 Allowance for Obsolete Inventories	\$0								\$0		\$0
144 Inter Program Due From			\$86			\$277,587		\$66,791	\$344,464	-\$344,464	\$0
145 Assets Held for Sale											
150 Total Current Assets	\$3,206,570	\$410,457	\$1,004,073	\$707,857	\$374,048	\$810,914	\$64,389	\$805,161	\$7,383,469	-\$344,464	\$7,039,005
161 Land	\$964,417			\$513,824					\$1,478,241		\$1,478,241
162 Buildings	\$22,819,388			\$12,303,244				\$896,124	\$36,018,756		\$36,018,756
163 Furniture, Equipment & Machinery - Dwellings											
164 Furniture, Equipment & Machinery - Administration	\$312,675		\$88,091	\$633,993				\$92,101	\$1,126,860		\$1,126,860
165 Leasehold Improvements											
166 Accumulated Depreciation	-\$18,466,497		-\$78,641	-\$3,656,873				-\$918,443	-\$23,120,454		-\$23,120,454
167 Construction in Progress											
168 Infrastructure	\$115,000								\$115,000		\$115,000
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,744,983	\$0	\$9,450	\$9,794,188	\$0	\$0	\$0	\$69,782	\$15,618,403	\$0	\$15,618,403
171 Notes, Loans and Mortgages Receivable - Non-Current											
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											
173 Grants Receivable - Non Current											
174 Other Assets				\$59,554					\$59,554		\$59,554
176 Investments in Joint Ventures											
180 Total Non-Current Assets	\$5,744,983	\$0	\$9,450	\$9,853,742	\$0	\$0	\$0	\$69,782	\$15,677,957	\$0	\$15,677,957
200 Deferred Outflow of Resources											
290 Total Assets and Deferred Outflow of Resources	\$8,951,553	\$410,457	\$1,013,523	\$10,561,599	\$374,048	\$810,914	\$64,389	\$874,943	\$23,061,426	-\$344,464	\$22,716,962

Financial Data Schedule

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.IKE DHAP- IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	\$27,564		\$28,570	\$32,858				\$19,888	\$108,880		\$108,880
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable	\$12,119		\$7,947					\$17,600	\$37,666		\$37,666
322 Accrued Compensated Absences - Current Portion	\$43,401		\$29,805					\$28,279	\$101,485		\$101,485
324 Accrued Contingency Liability											
325 Accrued Interest Payable	\$178			\$12,364					\$12,542		\$12,542
331 Accounts Payable - HUD PHA Programs			\$139,378						\$139,378		\$139,378
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government	\$95,807								\$95,807		\$95,807
341 Tenant Security Deposits	\$117,316			\$57,292					\$174,608		\$174,608
342 Unearned Revenue	\$9,590			\$4,859					\$14,449		\$14,449
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$47,188			\$37,095					\$84,283		\$84,283
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities											
346 Accrued Liabilities - Other	\$69,913		\$65			\$2,897,807		\$519	\$2,968,304		\$2,968,304
347 Inter Program - Due To			\$344,333			\$131			\$344,464	-\$344,464	\$0
348 Loan Liability - Current											
310 Total Current Liabilities	\$423,076	\$0	\$550,098	\$144,468	\$0	\$2,897,938	\$0	\$66,286	\$4,081,866	-\$344,464	\$3,737,402
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$3,175,279					\$3,175,279		\$3,175,279
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other				\$1,717,550					\$1,717,550		\$1,717,550
354 Accrued Compensated Absences - Non Current	\$4,307		\$6,609					\$1,856	\$12,772		\$12,772
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities											
350 Total Non-Current Liabilities	\$4,307	\$0	\$6,609	\$4,892,829	\$0	\$0	\$0	\$1,856	\$4,905,601	\$0	\$4,905,601
300 Total Liabilities	\$427,383	\$0	\$556,707	\$5,037,297	\$0	\$2,897,938	\$0	\$68,142	\$8,987,467	-\$344,464	\$8,643,003
400 Deferred Inflow of Resources											
508.4 Net Investment in Capital Assets	\$5,697,795		\$9,450	\$6,036,070				\$69,782	\$11,813,097		\$11,813,097
511.4 Restricted Net Position			\$112,260				\$64,389		\$176,649		\$176,649
512.4 Unrestricted Net Position	\$2,826,375	\$410,457	\$335,106	-\$511,768	\$374,048	-\$2,087,024	\$0	\$737,019	\$2,084,213		\$2,084,213
513 Total Equity - Net Assets / Position	\$8,524,170	\$410,457	\$456,816	\$5,524,302	\$374,048	-\$2,087,024	\$64,389	\$806,801	\$14,073,959	\$0	\$14,073,959
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$8,951,553	\$410,457	\$1,013,523	\$10,561,599	\$374,048	\$810,914	\$64,389	\$874,943	\$23,061,426	-\$344,464	\$22,716,962

Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.IKE DHAP- IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,185,537			\$686,306					\$1,871,843		\$1,871,843
70400 Tenant Revenue - Other	\$246,872			\$18,296					\$265,168		\$265,168
70500 Total Tenant Revenue	\$1,432,409	\$0	\$0	\$704,602	\$0	\$0	\$0	\$0	\$2,137,011	\$0	\$2,137,011
70600 HUD PHA Operating Grants	\$2,157,979		\$9,399,478				\$271,898		\$11,829,355		\$11,829,355
70610 Capital Grants											
70710 Management Fee								\$575,371	\$575,371	-\$575,371	\$0
70720 Asset Management Fee								\$68,640	\$68,640	-\$68,640	\$0
70730 Book Keeping Fee								\$182,097	\$182,097	-\$182,097	\$0
70740 Front Line Service Fee											
70750 Other Fees						\$13,923		\$0	\$13,923		\$13,923
70700 Total Fee Revenue								\$826,108	\$826,108	-\$826,108	\$0
70800 Other Government Grants											
71100 Investment Income - Unrestricted	\$1,294		\$1,059	\$844		\$46		\$398	\$3,641		\$3,641
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery			\$15,514						\$15,514		\$15,514
71500 Other Revenue	\$17,996		\$470,325	\$3,936				\$13,004	\$505,261		\$505,261
71600 Gain or Loss on Sale of Capital Assets	-\$7,326		\$8,977						\$1,651		\$1,651
72000 Investment Income - Restricted											
70000 Total Revenue	\$3,602,352	\$0	\$9,895,353	\$709,382	\$0	\$13,969	\$271,898	\$839,510	\$15,332,464	-\$826,108	\$14,506,356
91100 Administrative Salaries	\$145,116		\$279,778	\$37,325		\$1,529	\$5,151	\$329,042	\$797,941		\$797,941
91200 Auditing Fees	\$18,891		\$23,470					\$14,884	\$57,245		\$57,245
91300 Management Fee	\$362,436		\$209,280	\$42,981			\$3,655		\$618,352	-\$575,371	\$42,981
91310 Book-keeping Fee	\$49,013		\$130,800				\$2,284		\$182,097	-\$182,097	\$0
91400 Advertising and Marketing	\$4,731		\$4,833	\$2,106				\$3,065	\$14,735		\$14,735
91500 Employee Benefit contributions - Administrative	\$67,706		\$124,374	\$18,307		\$562	\$394	\$90,784	\$302,127		\$302,127
91600 Office Expenses	\$137,025		\$56,296	\$12,596		\$263		\$58,546	\$264,726		\$264,726
91700 Legal Expense	\$5,485		\$6,815	\$19,656				\$4,321	\$36,277		\$36,277
91800 Travel	\$36,877		\$7,720	\$1,217				\$24,825	\$70,639		\$70,639
91810 Allocated Overhead											
91900 Other	\$78,118		\$28,700	\$12,843		\$47		\$90,333	\$210,041		\$210,041
91000 Total Operating - Administrative	\$905,398	\$0	\$872,066	\$147,031	\$0	\$2,401	\$11,484	\$615,800	\$2,554,180	-\$757,468	\$1,796,712
92000 Asset Management Fee	\$68,640								\$68,640	-\$68,640	\$0
92100 Tenant Services - Salaries											
92200 Relocation Costs											
92300 Employee Benefit Contributions - Tenant Services											
92400 Tenant Services - Other	\$25,115								\$25,115		\$25,115
92500 Total Tenant Services	\$25,115	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,115	\$0	\$25,115

Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.IKE DHAP- IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discreetly Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
93100 Water	\$46,739		\$14	\$1,518				\$120	\$48,391		\$48,391
93200 Electricity	\$289,722		\$540	\$7,986				\$4,111	\$302,359		\$302,359
93300 Gas	\$7,670		\$1,919					\$1,219	\$10,808		\$10,808
93400 Fuel											
93600 Sewer	\$130,201		\$50					\$269	\$130,520		\$130,520
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense	\$8								\$8		\$8
93000 Total Utilities	\$474,340	\$0	\$2,523	\$9,504	\$0	\$0	\$0	\$5,719	\$492,086	\$0	\$492,086
94100 Ordinary Maintenance and Operations - Labor	\$320,549			\$32,157				\$399	\$353,105		\$353,105
94200 Ordinary Maintenance and Operations - Materials and Other	\$170,827		\$3,383	\$148,784				\$1,526	\$324,520		\$324,520
94300 Ordinary Maintenance and Operations Contracts	\$445,673		\$41,619	\$173,255				\$32,090	\$692,637		\$692,637
94500 Employee Benefit Contributions - Ordinary Maintenance	\$136,929			\$10,211				\$147	\$147,287		\$147,287
94000 Total Maintenance	\$1,073,978	\$0	\$45,002	\$364,407	\$0	\$0	\$0	\$34,162	\$1,517,549	\$0	\$1,517,549
95200 Protective Services - Other Contract Costs	\$2,343							\$1,251	\$3,594		\$3,594
95300 Protective Services - Other	\$3,458		\$588						\$4,046		\$4,046
95500 Employee Benefit Contributions - Protective Services											
95000 Total Protective Services	\$5,801	\$0	\$588	\$0	\$0	\$0	\$0	\$1,251	\$7,640	\$0	\$7,640
96110 Property Insurance	\$207,924			\$72,661				\$9,069	\$289,654		\$289,654
96120 Liability Insurance	\$18,946		\$8,541					\$11,030	\$38,517		\$38,517
96130 Workmen's Compensation	\$19,035		\$7,732	\$254				\$10,368	\$37,389		\$37,389
96140 All Other Insurance	\$81,023		\$7,011					\$20,567	\$108,601		\$108,601
96100 Total Insurance Premiums	\$326,928	\$0	\$23,284	\$72,915	\$0	\$0	\$0	\$51,034	\$474,161	\$0	\$474,161
96200 Other General Expenses			\$29,674	\$32,978				\$35,000	\$97,652		\$97,652
96210 Compensated Absences	\$30,667		\$24,844					\$17,225	\$72,736		\$72,736
96300 Payments in Lieu of Taxes	\$95,807								\$95,807		\$95,807
96400 Bad debt - Tenant Rents	\$54,911			\$6,045					\$60,956		\$60,956
96500 Bad debt - Mortgages											
96600 Bad debt - Other	\$6,561								\$6,561		\$6,561
96800 Severance Expense											
96000 Total Other General Expenses	\$187,946	\$0	\$54,518	\$39,023	\$0	\$0	\$0	\$52,225	\$333,712	\$0	\$333,712
96720 Interest on Notes Payable (Short and Long Term)	\$6,699			\$225,270					\$231,969		\$231,969
96730 Amortization of Bond Issue Costs											
96700 Total Interest Expense and Amortization Cost	\$6,699	\$0	\$0	\$225,270	\$0	\$0	\$0	\$0	\$231,969	\$0	\$231,969
96900 Total Operating Expenses	\$3,074,845	\$0	\$997,981	\$858,150	\$0	\$2,401	\$11,484	\$760,191	\$5,705,052	-\$826,108	\$4,878,944
97000 Excess of Operating Revenue over Operating Expenses	\$527,507	\$0	\$8,897,372	-\$148,768	\$0	\$11,568	\$260,414	\$79,319	\$9,627,412	\$0	\$9,627,412

Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.IKE DHAP- IKE	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance											
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments			\$8,500,283				\$196,025		\$8,696,308		\$8,696,308
97350 HAP Portability-In			\$451,031						\$451,031		\$451,031
97400 Depreciation Expense	\$472,093		\$5,931	\$406,961				\$11,356	\$896,341		\$896,341
97500 Fraud Losses			\$16,241						\$16,241		\$16,241
90000 Total Expenses	\$3,546,938	\$0	\$9,971,467	\$1,265,111	\$0	\$2,401	\$207,509	\$771,547	\$15,764,973	-\$826,108	\$14,938,865
10010 Operating Transfer In	\$55,793								\$55,793	-\$55,793	\$0
10020 Operating transfer Out	-\$55,793								-\$55,793	\$55,793	\$0
10030 Operating Transfers from/to Primary Government											
10040 Operating Transfers from/to Component Unit											
10070 Extraordinary Items, Net Gain/Loss											
10080 Special Items (Net Gain/Loss)			\$43,755						\$43,755		\$43,755
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other financing Sources (Uses)	\$0	\$0	\$43,755	\$0	\$0	\$0	\$0	\$0	\$43,755	\$0	\$43,755
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$55,414	\$0	-\$32,359	-\$555,729	\$0	\$11,568	\$64,389	\$67,963	-\$388,754	\$0	-\$388,754
11020 Required Annual Debt Principal Payments	\$183,504	\$0	\$0	\$34,494	\$0	\$0	\$0	\$0	\$217,998		\$217,998
11030 Beginning Equity	\$8,468,756	\$410,457	\$489,175	\$6,080,031	\$374,048	-\$2,098,592	\$0	\$738,838	\$14,462,713		\$14,462,713
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors								\$0	\$0		\$0
11170 Administrative Fee Equity			\$344,556						\$344,556		\$344,556
11180 Housing Assistance Payments Equity			\$112,260						\$112,260		\$112,260
11190 Unit Months Available	6864		22191	876			550		30481		30481
11210 Number of Unit Months Leased	6535		17440	832			416		25223		25223
11270 Excess Cash	\$2,260,197								\$2,260,197		\$2,260,197
11610 Land Purchases	\$0							\$0	\$0		\$0
11620 Building Purchases	\$0							\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0							\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0							\$0	\$0		\$0
11660 Infrastructure Purchases	\$0							\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0							\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0							\$0	\$0		\$0

Housing Authority of the City of Lafayette

Schedule of Compensation, Benefits and Other Payments to Agency Head

or Chief Executive Officer

For the Year Ended September 30, 2019

Lydia Bergeron, Interim Executive Director

Purpose	Amount
Salary	\$3,069
Benefits-insurance	798
Benefits-retirement	92
Travel	\$532

Ms. Bergeron served 1 month of the fiscal year.

Yvonda Bean, Executive Director

Purpose	Amount
Salary	\$135,354
Benefits-insurance	10,352
Benefits-retirement	4,061
Travel	16,175
Reimbursements	173
Other	\$2,633

Ms. Bean served 11 months of the fiscal year.

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

Telephone 866-829-0993
Fax 225-570-1362
E-mail danny@highperformer.net

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

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures enumerated below, which were agreed to by Lafayette Housing Authority (Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The Authority's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results of procedures performed:

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

Debt Service – Written policies do not address debt service.

Disaster Recovery/Business Continuity – the authority's written procedures do not adequately address all of the requirements listed above.

Management's response/corrective action plan:

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

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results of procedures performed:

We performed the above listed procedures and noted no exceptions.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of procedures performed:

There were no prior year exceptions in this category, these procedures are omitted.

Collections (excluding ETFs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

There were no prior year exceptions in this category, these procedures are omitted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management represents that the list is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

We performed the above listed procedures and noted no exceptions.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable

We performed the above listed procedures and noted no exceptions.

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

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

Management represents that the list is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

We performed the above listed procedures and noted no exceptions.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

We performed the above listed procedures and noted no exceptions.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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

Management represents that the list is complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the above listed procedures and noted no exceptions.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

There were no prior year exceptions in this category, these procedures are omitted.

Payroll and Personnel

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

Management represents that the list is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We performed the above listed procedures and noted no exceptions.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

We performed the above listed procedures and noted no exceptions.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain

supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

We performed the above listed procedure and noted no exceptions.

Other

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

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

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

The notice is properly posted.

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

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

William Daniel McCaskill

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

January 22, 2020

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

Telephone 866-829-0993
Fax 225-570-1362
E-mail danny@highperformer.net

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

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Lafayette, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated January 22, 2020. My report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in my report on the Housing Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Report on Internal Control... *Government Auditing Standards*, 2019

Page Two

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

Compliance and Other Matters

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

Purpose of this Report

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

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

January 22, 2020

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

Telephone 866-829-0993
Fax 225-570-1362
E-mail danny@highperformer.net

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

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

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

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Lafayette's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the authority's major federal programs for the year ended September 30, 2019. The authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana
Report on Compliance...Uniform Guidance, 2019
Page Two

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

Opinion on Each Major Federal Program

In my opinion, the authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Report on Compliance...Uniform Guidance, 2019

Page Three

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

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

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

January 22, 2020

Housing Authority of the City of Lafayette
Lafayette, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing	14.850a	\$ 2,102,186
Housing Choice Voucher Cluster:		
Housing Choice Voucher Program	14.871	9,399,478
Mainstream Vouchers	14.879	271,898
Subtotal Housing Choice Voucher Cluster		<u>9,671,376</u>
Public Housing Capital Fund Program	14.872	55,793
Total Federal Expenditures		<u><u>\$ 11,829,355</u></u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2019

NOTE A—Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B—Summary of Significant Accounting Policies

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

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

NOTE C – Relationship to Basic Financial Statements

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

Federal Grants	\$ 11,829,355
----------------	---------------

NOTE D – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with GAAP.

NOTE E- FEDERAL AWARDS

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

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE

Lafayette, Louisiana

Schedule of Findings and Questioned Costs Fiscal Year Ended September 30, 2019

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes ___X___no
- Significant deficiency(ies) identified? _____yes ___X___none reported

Noncompliance material to financial statements noted? _____yes ___X___no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes ___X___no
- Significant deficiency(ies) identified? _____yes ___X___none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____yes ___X___no

Identification of major federal programs:

CFDA	Name of Federal Program
Housing Choice Voucher Cluster	
14.871	Housing Choice Voucher Program
14.879	Mainstream Vouchers

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2019

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

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

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

None

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Louisiana

Schedule of Prior Year Audit Findings
Fiscal Year Ended September 30, 2019

There were no findings in the prior audit.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
Lafayette, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended September 30, 2019

Board members serve without compensation.