

ANNUAL FINANCIAL REPORT
LOUISIANA HOUSING CORPORATION
JUNE 30, 2020 AND 2019

LOUISIANA HOUSING CORPORATION

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JUNE 30, 2020 AND 2019

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Duplantier Hrapmann Hogan & Maher, LLP

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

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

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

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

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

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

August 31, 2020

To the Board of Directors
Louisiana Housing Corporation
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Housing Corporation General Fund, (the Corporation), a component unit of the State of Louisiana, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the index to report.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation'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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Louisiana Housing Corporation General Fund as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements include only the activities of the Louisiana Housing Corporation General Fund and are not intended to present fairly the combined financial position, combined results of operations, or the combined cash flows of the Louisiana Housing Corporation's mortgage revenue bond programs in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Housing Corporation General Fund's basic financial statements. The Schedule of Per Diem Paid to Board Members is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Annual Fiscal Report, presented as other supplementary information, is not a required part of the basic financial statements, but is supplementary information required by Louisiana's Office of Statewide Reporting and Accounting Policy. 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 Schedule of Per Diem Paid to Board Members, Annual Fiscal Report, 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 our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2020, on our consideration of the Louisiana Housing Corporation General Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Louisiana Housing Corporation General Fund's 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 Louisiana Housing Corporation General Fund's internal control over financial reporting and compliance.

Duplantis, Sharpness, Hogan and Oakes, LLP

New Orleans, Louisiana

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Management's Discussion and Analysis of the Louisiana Housing Corporation General Fund's (the Corporation) financial performance presents a narrative overview and analysis of the Corporation's financial activities for the years ended June 30, 2020 and 2019. This document focuses on the Corporation's current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Corporation's financial statements.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$351,158,280, which represents a 9% increase from last fiscal year.
- Total revenues before transfers increased by \$11,474,260, or 5%, total expenses before transfers increased by \$15,906,210, or 8%, and consequently, the net income before transfers decreased by \$4,431,950, an decrease of 15%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Corporation's basic financial statements present information for the Corporation as a whole, in a format designed to make the statements easier for the reader to understand. The Corporation's financial statements comprise three components 1) Management's Discussion and Analysis, 2) Basic Financial Statements (including the notes to the financial statements), and 3) Required Supplementary Information. This report also contains other supplementary information in addition to the financial statements themselves.

Basic Financial Statements

The Corporation's financial statements include the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows.

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

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the Corporation's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

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

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

FINANCIAL ANALYSIS OF THE ENTITY

**Condensed Statements of Net Position:
(in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 20,314	\$ 15,013	\$ 14,412
Restricted assets	324,509	283,446	255,436
Capital assets	<u>66,188</u>	<u>68,656</u>	<u>71,324</u>
Total assets	411,011	367,115	341,172
Deferred outflows of resources	<u>7,095</u>	<u>6,470</u>	<u>4,800</u>
Total assets and deferred outflows of resources	<u>\$ 418,106</u>	<u>\$ 373,585</u>	<u>\$ 345,972</u>
Current liabilities	\$ 17,511	\$ 5,137	\$ 7,701
Long-term liabilities	<u>42,497</u>	<u>41,063</u>	<u>39,544</u>
Total liabilities	<u>60,008</u>	<u>46,200</u>	<u>47,245</u>
Deferred inflows of resources	<u>6,940</u>	<u>5,931</u>	<u>6,853</u>
Net position:			
Net investment in capital assets	66,188	68,656	71,324
Restricted	314,030	280,920	249,109
Unrestricted	<u>(29,060)</u>	<u>(28,122)</u>	<u>(28,559)</u>
Total net position	<u>351,158</u>	<u>321,454</u>	<u>291,874</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 418,106</u>	<u>\$ 373,585</u>	<u>\$ 345,972</u>

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

Amounts invested in capital assets represent the carrying amount of property and equipment less depreciation. Restricted net positions represent those assets that are not available for spending as a result of donor agreements and grant requirements. Unrestricted net positions represent unrestricted assets, net of obligations, to support the general operations and investments of the agency.

2020

Net position increased by \$29,704,238, or 9%, from June 30, 2019 to June 30, 2020. This increase in net position can be primarily attributed to an increase in restricted investments, restricted cash and cash equivalents and restricted mortgage loans receivable, along with an increase in short-term debt.

2019

Net position increased by \$29,579,867, or 10%, from June 30, 2018 to June 30, 2019. This increase in net position can be primarily attributed to an increase in restricted cash and cash equivalents, restricted mortgage loans receivable, and related accrued interest receivable, along with a decrease in bond and debenture liabilities

**Condensed Statements of Revenues, Expenses, and Changes in Net Position:
(in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 16,378	\$ 15,010	\$ 14,910
Operating expenses	<u>20,046</u>	<u>16,997</u>	<u>14,553</u>
Operating income (loss)	<u>(3,668)</u>	<u>(1,987)</u>	<u>357</u>
Non-operating revenues	<u>29,521</u>	<u>32,272</u>	<u>10,004</u>
Income before transfers	<u>25,853</u>	<u>30,285</u>	<u>10,361</u>
Transfers (to) from MRB Programs	<u>3,851</u>	<u>(705)</u>	<u>172</u>
Increase in net position	<u>\$ 29,704</u>	<u>\$ 29,580</u>	<u>\$ 10,533</u>

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

2020

Total revenues before transfers increased by \$11,474,260, or 5%, primarily as a result of an increase in federal grants drawn. Total expenses increased by \$15,906,210, or 8%, primarily as a result of increases in operating expenses and federal grants disbursed.

2019

Total revenues before transfers increased by \$18,107,202, or 9%, primarily as a result of an increase in federal grants drawn. Total expenses decreased by \$1,817,098, or 1%, primarily as a result of a decrease in the provision for loan losses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2020, the Louisiana Housing Corporation had \$77 million invested in a broad range of capital assets, including two facilities located in Baton Rouge, two completed apartment complexes in New Orleans, and an apartment complex in Baton Rouge. (See Table below). This amount represents a net decrease (including additions and deductions) of \$2,956,843, or a 4% decrease compared to the prior year.

Capital Assets at Year-end
(in thousands)

	June 30		
	2020	2019	2018
Land	\$ 1,022	\$ 1,022	\$ 1,022
Land improvements (net of accumulated depreciation)	53	21	28
Building (net of accumulated depreciation)	75,361	78,443	81,525
Equipment (net of accumulated depreciation)	201	107	191
Construction in Progress	-	1	-
	-	1	-
Total	\$ 76,637	\$ 79,594	\$ 82,766

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Changes in capital assets for the years ending June 30, 2020 and 2019 include:

	<u>2020</u>	<u>2019</u>
Acquisitions and replacements	\$ 210	\$ 8
Depreciation (net of disposals)	(3,166)	(3,180)
Disposals	(1)	-

Debt Administration

The Louisiana Housing Corporation's General Fund had \$9,284,176 in bonds and notes outstanding at year-end, compared to \$1,127,187 at the end of last year as shown in the table below.

Outstanding Debt at Year-end
(in thousands)

	<u>June 30</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Multi Family MR Refunding Bonds (2013)	\$ 835	\$ 900	\$ 1,045
Debentures payable	-	-	2,325
Deferred amount on Refunding	193	227	286
Short-term debt	8,256	-	-
Total outstanding debt	<u>\$ 9,284</u>	<u>\$ 1,127</u>	<u>\$ 3,656</u>

2020

The Corporation's Moody's bond rating was A1 for the general revenue bonds and the 202 Elderly MR Bonds. The Corporation's Single Family Mortgage Revenue Bonds, which are not considered to be the Corporation's general debt and are excluded from these financial statements, carry an AAA rating.

The Corporation has accounts payable and accrued interest payable of \$6,584,561 outstanding at year-end compared with \$2,470,633 last year. Other obligations include accrued vacation pay and sick leave, deferred revenue, and other postemployment benefits payable.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

2019

The Corporation's Moody's bond rating was A1 for the general revenue bonds and the 202 Elderly MR Bonds. The Corporation's Single Family Mortgage Revenue Bonds, which are not considered to be the Corporation's general debt and are excluded from these financial statements, carry an AAA rating.

The Corporation has accounts payable and accrued interest payable of \$2,470,633 outstanding at year-end compared with \$2,689,797 for 2018. Other obligations include accrued vacation pay and sick leave, deferred revenue, and other postemployment benefits payable.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Corporation's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The Corporation's administration of its current sustainable housing programs will generate additional administrative revenue for the corporation.
- It is anticipated that the Corporation will recognize additional HOME dollars due to the change in the percentage allocated to the agency for administrative revenue and an increase in entitlement funds.
- The HUD Disposition properties continue to provide several units of affordable housing, as well as related equity returns to the Corporation.

The Corporation expects that next year's results will be mixed based upon the following:

- The Single Family Mortgage Revenue Bond Program is going to have a positive effect on the agency due to the increase in the number of issues plus some additional programs that will lead to increased revenues. The Single Family program is expected to yield increased Issuer Fees in fiscal 2021.
- HUD plans to move forward with a competitive process to award new Section 8 Contract Administration contracts. The Corporation anticipates that it will seek to continue to be a participant in the program. The agency received a contract extension which will continue thru December 31, 2020. The agency is in talks with other HFA's to ensure that they are part of any negotiations that are taking place with HUD concerning continued participation in the program.
- The Corporation expects that net results from operations will remain relatively flat year over year, in that increases in operating revenues will be mostly offset by increases in operating expenditures.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

CONTACTING THE LOUISIANA HOUSING CORPORATION'S MANAGEMENT

This financial report is designed to provide Louisiana's citizens and taxpayers, as well as the Corporation's customers, investors, and creditors with a general overview of the Louisiana Housing Corporation's finances and to show the Corporation's accountability for the funds it receives. If there are questions about this report, or if additional financial information is desired, contact Carlos Dickerson, C.F.O., 2415 Quail Drive, Baton Rouge, LA 70808.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS:		
Unrestricted Assets:		
Cash and cash equivalents	\$ 2,142,920	\$ 1,678,689
Cash and cash equivalents - Work Force Initiative	415,765	1,076,348
Investments	4,728,299	4,476,179
Investments - Work Force Initiative	1,617,027	1,695,043
Mortgage loans receivable	520,398	545,958
Accrued interest receivable	69,465	69,465
Other receivables	3,527,573	2,806,836
Due from other governments	7,035,075	2,399,116
Due from MRB programs	84,187	70,127
Capital assets (net of accumulated depreciation of \$31,393,537 and \$28,716,278, respectively)	66,187,978	68,656,063
Other assets	<u>172,758</u>	<u>195,603</u>
Total Unrestricted Assets	<u>86,501,445</u>	<u>83,669,427</u>
Restricted Assets:		
Cash and cash equivalents	27,333,313	24,369,695
Investments	25,591,907	12,422,030
Mortgage loans receivable (net of allowance for loan losses of \$153,740,332 and \$167,985,451, respectively)	194,028,458	171,796,661
Accrued interest receivable	67,107,032	63,919,702
Capital assets (net of accumulated depreciation of \$3,856,193 and \$3,367,434, respectively)	<u>10,448,778</u>	<u>10,937,536</u>
Total Restricted Assets	<u>324,509,488</u>	<u>283,445,624</u>
Total Assets	<u>411,010,933</u>	<u>367,115,051</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions	5,871,027	6,330,646
Deferred outflows of resources related to OPEB	<u>1,223,680</u>	<u>138,951</u>
Total Deferred Outflows of Resources	<u>7,094,707</u>	<u>6,469,597</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 418,105,640</u>	<u>\$ 373,584,648</u>

(Continued)

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
STATEMENTS OF NET POSITION - CONTINUED
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 6,584,561	\$ 2,470,633
Due to other governments	2,468,493	2,468,493
Compensated absences due within one year	55,668	58,524
Other postemployment benefits payable due within one year	146,305	138,951
Short-term debt	8,255,962	-
	17,510,989	5,136,601
Non-Current Liabilities:		
Compensated absences	1,269,678	1,148,222
Net pension liability	28,348,404	26,735,410
Other postemployment benefits payable	10,848,045	10,881,269
Amounts held in escrow	1,195,580	1,398,073
Bond and debentures due in more than one year	835,000	900,000
	42,496,707	41,062,974
	60,007,696	46,199,575
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to debt refunding	193,214	227,187
Deferred inflows of resources related to unearned income	4,420,377	4,204,911
Deferred inflows of resources related to pensions	103,897	411,312
Deferred inflows of resources related to OPEB	2,222,176	1,087,621
	6,939,664	5,931,031
NET POSITION:		
Net investment in capital assets	66,187,978	68,656,063
Restricted	314,029,732	280,920,364
Unrestricted	(29,059,430)	(28,122,385)
	351,158,280	321,454,042
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 418,105,640	\$ 373,584,648

See accompanying notes.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
MRB program issuer fees	\$ 1,299,620	\$ 1,098,255
Low income housing tax credit program fees	2,910,037	1,912,795
Federal program administrative fees	7,717,189	7,931,319
Federal project delivery fees	2,494,557	2,514,827
Mortgage loan interest income	86,558	166,326
Investment income	810,286	647,938
Unrealized gain	83,240	91,724
Single family turnkey program fees	771,649	365,092
Other income	205,074	281,551
Total Operating Revenue	16,378,210	15,009,827
OPERATING EXPENSES:		
Personnel services	15,318,583	11,997,631
Supplies	302,160	474,731
Travel	156,329	261,012
Operating services	1,548,612	1,510,268
Professional services	2,446,668	2,476,253
Depreciation	273,351	276,829
Total Operating Expenses	20,045,703	16,996,724
Operating loss	(3,667,493)	(1,986,897)
NON-OPERATING REVENUES (EXPENSES):		
Amortization of gain on refunding	33,973	58,585
Federal grants drawn	213,334,344	201,447,019
Federal grant funds disbursed	(186,497,280)	(175,180,879)
Interest expense	(21,656)	(481,657)
Net loss from rental property	(995,529)	(439,347)
Net loss from rental property - restricted	(683,240)	(624,508)
Provision for loan losses	(1,385,917)	2,691,868
Program income	941	1,270
Restricted mortgage loan interest income	4,302,958	4,428,696
Restricted investment income	17,071	30,477
Restricted unrealized gain	1,312,699	232,018
Investment income - Work Force Initiative	65,388	96,458
Unrealized gain - Workforce Initiative	37,157	12,263
Total Non-Operating Revenues (Expenses)	29,520,909	32,272,263

(Continued)

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-CONTINUED
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Income Before Transfers	\$ 25,853,416	\$ 30,285,366
Transfers (to) from MRB Programs	<u>3,850,822</u>	<u>(705,499)</u>
Change in Net Position	29,704,238	29,579,867
NET POSITION - Beginning of year	321,454,042	291,874,175
NET POSITION - End of year	<u>\$ 351,158,280</u>	<u>\$ 321,454,042</u>

See accompanying notes.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Fee revenue collected	\$ 15,276,054	\$ 23,920,349
Investment and mortgage loan income	896,845	399,632
Mortgage collections	25,560	442,930
Cash paid to:		
Suppliers of service	(4,375,138)	(5,202,398)
Employees and benefit providers	(13,282,861)	(12,185,249)
Mortgage disbursements	(692,035)	(1,945,128)
Net cash provided by (used in) operating activities	<u>(2,151,575)</u>	<u>5,430,136</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net transfers from MRB programs	3,850,822	(705,499)
Receipt of federal grants	208,994,103	191,733,870
Disbursement of federal grants	(182,568,955)	(175,180,879)
Mortgage collections	2,021,417	4,137,219
Mortgage purchases	(25,631,143)	(26,373,825)
Other non-operating income	1,107,641	4,187,989
Repayment of bonds	-	(2,325,435)
Net change in escrow accounts	(202,493)	(779,282)
Interest paid on bonds and debentures payable	(21,656)	(481,657)
Net cash provided by (used in) noncapital financing activities	<u>7,549,736</u>	<u>(5,787,499)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments purchased	(20,835,067)	(25,958,844)
Investments redeemed	8,924,181	28,245,535
Interest payments received	82,459	240,918
Net change in activity of investment in rental properties	1,177,247	1,944,679
Net cash provided by (used in) investing activities	<u>(10,651,180)</u>	<u>4,472,288</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of property and equipment	(170,677)	(775)
Interest paid on bonds	-	-
Repayment of bonds	(65,000)	(145,000)
Advances from short-term debt	8,951,342	-
Repayment of short-term debt	(695,380)	-
Net cash provided by (used in) capital financing activities	<u>8,020,285</u>	<u>(145,775)</u>

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 2,767,266	\$ 3,969,150
CASH AND CASH EQUIVALENTS, beginning of year	<u>27,124,732</u>	<u>23,155,582</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 29,891,998</u>	<u>\$ 27,124,732</u>
Presented on Statement of Net Position as		
Unrestricted	\$ 2,558,685	\$ 2,755,037
Restricted	<u>27,333,313</u>	<u>24,369,695</u>
	<u>\$ 29,891,998</u>	<u>\$ 27,124,732</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (3,667,493)	\$ (1,986,897)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	273,351	276,829
Net change in fair value	(83,239)	(506,356)
Change in net pension liability	1,612,994	2,596,996
Change in pension deferred inflows/outflows	152,204	(3,066,174)
Change in due from governments	(79,311)	9,755,404
Change in due from MRB programs	(14,060)	1,467
Change in accounts payable and accrued liabilities	185,603	(219,163)
Change in OPEB payable	(25,870)	(202,260)
Change in OPEB deferred inflows/outflows	49,826	338,467
Change in compensated absences payable	118,599	28,841
Change in other assets	20,998	(144,458)
Change in other receivables	(28,701)	59,639
Change in mortgage loans receivable	<u>(666,476)</u>	<u>(1,502,199)</u>
Net cash provided by (used in) operating activities	<u>\$ (2,151,575)</u>	<u>\$ 5,430,136</u>

See accompanying notes.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

ORGANIZATION OF THE CORPORATION:

Louisiana Housing Corporation (the Corporation or LHC) is an instrumentality of the State of Louisiana established July 1, 2011 pursuant to Chapter 3-G of Title 40 of the Louisiana Revised Statutes of 1950, as amended. The enabling legislation grants the Corporation the authority to promulgate rules, regulations, or other procedures for the coordination of all state-administered housing programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The financial statements 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.

Reporting Entity:

As required by GASB Codification Section 2100, *Defining the Financial Reporting Entity*, a legally separate entity is considered a component unit of the State of Louisiana (the State) if at least one of the following criteria is met:

- The state appoints a voting majority of the organization's governing body and is either able to impose its will on the organization or there is a potential financial benefit/ burden to the state.
- The entity is fiscally dependent on the State and there is a potential financial benefit/ burden to the State.
- The nature and significance of the relationship between the State and the entity is such that exclusion would cause the financial statements of the State to be misleading.

Due to the nature and significance of the relationship between the Corporation and the State of Louisiana, the financial statements of the state would be misleading if the accompanying financial statements were excluded. Accordingly, the State of Louisiana has determined that the Corporation is a component unit.

The accompanying statements present only the transactions of the Corporation's General Fund. The term "General Fund" refers to the fund that accounts for the Corporation's general operating activities and is not meant to denote a governmental type general fund of a primary government.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reporting Entity: (Continued)

Annually, the Corporation issues combined financial statements which include the activity contained in the accompanying financial statements, along with the Corporation's Mortgage Revenue Bond Programs.

Annually, the State of Louisiana issues basic financial statements which include the activity contained in the accompanying financial statements. The basic financial statements are issued by the Louisiana Division of Administration - Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor.

Basis of Accounting:

The Corporation is considered a proprietary fund and is presented as a business-type activity. Proprietary fund types use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. All assets and liabilities associated with the operations of the Corporation are included in the statement of net position. The statement of cash flows provides information about how the Corporation finances and meets the cash flow needs of its activities. Proprietary funds also distinguish operating revenue and expenses from non-operating items.

Investments:

As required by GASB 72, *Fair Value and Measurement Application*, investments are reported at fair value. Fair value is described as an exit price. GASB 72 requires the Corporation to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. GASB 72 also establishes a hierarchy of inputs to valuation techniques used to measure fair value which has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Level 3 inputs are unobservable inputs, such as management's assumptions of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Allowance for Loan Losses:

The allowance is maintained at a level adequate to absorb probable losses. Management determines the adequacy of the allowance based upon reviews of groups of credits, loss experience of similar type loans, current and future estimated economic conditions, the risk characteristics of the various categories of loans, and other pertinent factors. Loans deemed uncollectible are charged to the allowance. Past due status is based on contractual terms. Provisions for loan losses and recoveries on loans previously charged off are added to the allowance.

Capital Assets:

Capital assets are stated at cost less accumulated depreciation. All property and equipment with initial, individual costs of greater than \$5,000 is capitalized. Depreciation is computed on the straight-line method over the following estimated useful lives:

Buildings	40 years
Equipment	3–7 years

Deferred Outflows and Inflows of Resources:

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Corporation has four items that meet the criterion for this category: an amortized gain on a bond refunding, deferred amounts related to unearned income, deferred amounts related to pensions, and deferred amounts related to other postemployment benefits.

Pensions:

For the purposes of measuring net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and changes in LASERS's fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Bond Issuance Costs:

Bond issuance costs, including underwriters' discounts on bonds sold, are expensed in the period incurred.

Revenues and Expenses:

Operating revenues consist of program administration fees, bond issue fees, and unrestricted investment income as these revenues are generated from operations and used in carrying out the Corporation's statutory purpose. All expenses incurred for that purpose are classified as operating expenses. Federal grant pass-through revenues and expenses, provision for loan losses on program loans, restricted investment income and income from rental properties are ancillary to the Corporation's statutory purpose and are classified as non-operating.

When an item of income earned or expense incurred for purposes for which there are both restricted and unrestricted net positions available, it is the Corporation's policy to apply those items to both restricted and unrestricted net positions, in accordance with the appropriate proportion as delineated by the activity creating the item.

Compensated Absences:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited; however, use of annual leave through time off is limited to 780 hours.

Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

Statement of Cash Flows:

For purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, financial institution deposits and all highly-liquid investments with an original maturity of three months or less.

Net Position:

In the Statement of Net Position, the difference between the Corporation's assets, deferred outflows and liabilities and deferred inflows is recorded as net position. The three components of net position are as follows:

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position: (Continued)

Net investment in capital assets – The category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted net position – Net positions that are restricted by external sources such as creditors, grantors, contributors, or by law are reported separately as restricted net position.

Unrestricted net position – Consists of net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

2. ESTIMATES:

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS:

Cash and cash equivalents are stated at cost, which approximates market value. Under state law, the Corporation may deposit funds within a fiscal agent bank authorized to conduct business in the State of Louisiana. The Corporation may purchase time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana. The Corporation may also invest in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Under Louisiana Revised Statutes, the Corporation may invest in obligations of the U.S. Treasury, obligations of U.S. Agencies which are guaranteed by the U.S. government or U.S. government agencies, repurchase agreements, certificates of deposit as mentioned above, investment grade commercial paper, investment grade corporate notes and bonds, and other investments as required by the terms of bond trust indentures.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Cash and Cash Equivalents:

Cash and cash equivalents (book balances) as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>	<u>Rating</u>
<u>Unrestricted:</u>			
Petty cash	\$ 800	\$ 907	N/A
Demand deposits	1,313,094	1,400,995	N/A
Money market funds	1,244,791	1,353,135	AAA
Total unrestricted	<u>\$ 2,558,685</u>	<u>\$ 2,755,037</u>	
<u>Restricted:</u>			
Demand deposits	\$ 19,733,559	\$ 17,321,055	N/A
Money market funds	7,599,754	7,048,640	AAA
Total restricted	<u>\$ 27,333,313</u>	<u>\$ 24,369,695</u>	

The deposit and money market accounts are subject to custodial credit risk; that is, in the event of a bank failure, the funds may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. 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. At June 30, 2020, the Corporation had \$21,860,802 in demand deposits (bank balances), all of which were collateralized by FDIC insurance or pledged collateral held by the Federal Reserve Bank. At June 30, 2019, the Corporation's \$19,174,333 in demand deposits (bank balances) were in excess of FDIC insurance or pledged collateral held by the Federal Reserve Bank in the amount of \$449,782.

The money market accounts are invested in short-term money market instruments issued by the United States Treasury which are backed by the full faith and credit of the United States government.

Investments:

The Corporation categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The Corporation had recurring fair value measurements of its investments at June 30, 2020 and 2019, as follows:

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

<u>June 30, 2020</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mortgage backed securities	\$ 19,943,580	\$ -	\$ 19,943,580	\$ -
U.S. Government obligations	10,027,520	10,027,520	-	-
Collateralized mortgage obligations	1,216,337	-	1,216,337	-
U.S. Treasury Bills	749,796	749,796	-	-
Total	<u>\$ 31,937,233</u>	<u>\$ 10,777,316</u>	<u>\$ 21,159,917</u>	<u>\$ -</u>

<u>June 30, 2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mortgage backed securities	\$ 7,684,048	\$ -	\$ 7,684,048	\$ -
U.S. Government obligations	8,822,636	8,822,636	-	-
Collateralized mortgage obligations	1,436,659	-	1,436,659	-
Municipal obligations	649,909	-	649,909	-
Total	<u>\$ 18,593,252</u>	<u>\$ 8,822,636</u>	<u>\$ 9,770,616</u>	<u>\$ -</u>

U.S. government obligations and U.S. Treasury Bills, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities.

Debt securities are classified in Level 2 of the fair value hierarchy. Mortgage backed securities and collateralized mortgage obligations are valued using quoted prices for identical securities in markets that are not active. Municipal obligations are valued using quoted prices for similar securities in active markets.

Interest Rate Risk: Interest rate risk is defined as the risk that changes in interest rates, in the general market, will adversely affect the fair value of an investment. The Corporation does not have an interest rate risk policy. As of the fiscal years ended June 30, 2020 and 2019, the Corporation had the following investments and maturities (in years):

June 30, 2020

<u>Investment Type</u>	<u>Total</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>>10</u>
Mortgage backed securities	\$ 19,943,580	\$ 134	\$ 199,452	\$ 3,788,840	\$ 15,955,154
U.S. Government obligations	10,027,520	2,673,324	7,354,196	-	-
Collateralized mortgage obligations	1,216,337	-	-	1,054,640	161,697
U.S. Treasury Bills	749,796	749,796	-	-	-
Total	<u>\$ 31,937,233</u>	<u>\$ 3,423,254</u>	<u>\$ 7,553,648</u>	<u>\$ 4,843,480</u>	<u>\$ 16,116,851</u>

June 30, 2019

<u>Investment Type</u>	<u>Total</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>>10</u>
Mortgage backed securities	\$ 7,684,048	\$ -	\$ 229,930	\$ 2,757,226	\$ 4,696,892
U.S. Government obligations	8,822,636	2,615,007	6,207,629	-	-
Collateralized mortgage obligations	1,436,659	-	-	1,120,546	316,113
Municipal obligations	649,909	649,909	-	-	-
Total	<u>\$ 18,593,252</u>	<u>\$ 3,264,916</u>	<u>\$ 6,437,559</u>	<u>\$ 3,877,772</u>	<u>\$ 5,013,005</u>

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments: (Continued)

Credit Risk: Credit Risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Corporation's policy to limit its investments to those issued a top rating by Nationally Recognized Statistical Ratings Organizations. As of June 30, 2020 and 2019, all of the investments were rated AA, AA- or AA+ by Standard & Poor's.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the value of investments or collateral securities that are in the possession of an outside party will not be able to be recovered. The Corporation does not have a custodial credit risk policy. The investments are held by the custodial bank as an agent for the Corporation, in the Corporation's name and are thereby not exposed to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. The Corporation does not have a concentration of credit risk policy. As of June 30, 2020 and 2019, investments of the following issuers represented more than 5% of total investments:

	2020	2019
Federal National Mortgage Association	13%	31%
Federal Home Loan Mortgage Corporation	5%	17%

4. SHORT-TERM DEBT:

The Corporation is a member of the Federal Home Loan Bank System (FHLB). FHLB was created by the Federal Home Loan Bank Act of 1932 as a government sponsored enterprise to support mortgage lending and related community investment. Each FHLBank is a separate, government-chartered, member-owned corporation.

The Corporation has an agreement with the FHLB of Dallas for collateralized borrowings in an amount not to exceed the lending limit internally established by the FHLB. Amounts drawn under the agreement bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and investments. Amounts drawn of \$8,951,342 have a maturity of 3-5 months and a floating interest rate between 0.4% and 0.9%. As of June 30, 2020, the Corporation had \$8,255,962 of short-term debt outstanding with the FHLB of Dallas. As of June 30, 2019, there was no short-term debt outstanding with the FHLB of Dallas.

Borrowings under this agreement are used to support the Corporation's various lending programs and to support activities related to the Corporation's mortgage revenue bond program. There are no commitment fees associated with this agreement.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. LONG-TERM LIABILITIES:

The Corporation at June 30, 2020 has the following long-term liabilities:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
General obligation bonds	\$ 900,000	\$ -	\$ (65,000)	\$ 835,000	\$ -
Compensated absences	1,206,746	147,626	(29,026)	1,325,346	55,668
Net pension liability	26,735,410	4,673,781	(3,060,787)	28,348,404	-
Other postemployment benefit plan payable	11,020,220	1,984,475	(2,010,345)	10,994,350	146,305
Amounts held in escrow	1,398,073	-	(202,493)	1,195,580	-
	<u>\$41,260,449</u>	<u>\$6,805,882</u>	<u>\$ (5,367,651)</u>	<u>\$42,698,680</u>	<u>\$ 201,973</u>

The Corporation at June 30, 2019 has the following long-term liabilities:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
General obligation bonds	\$ 1,045,000	\$ -	\$ (145,000)	\$ 900,000	\$ -
Debentures payable	2,325,435	-	(2,325,435)	-	-
Compensated absences	1,177,906	85,122	(56,282)	1,206,746	58,524
Net pension liability	24,138,414	6,180,081	(3,583,085)	26,735,410	-
Other postemployment benefit plan payable	11,222,480	649,080	(851,340)	11,020,220	138,951
Amounts held in escrow	2,177,355	-	(779,282)	1,398,073	-
	<u>\$42,086,590</u>	<u>\$6,914,283</u>	<u>\$ (7,740,424)</u>	<u>\$41,260,449</u>	<u>\$ 197,475</u>

Repayment of general obligation bonds and debentures' principal and interest are funded by receipts from mortgage loans receivable. Compensated absences, pension liabilities, other postemployment benefit plan payable are paid from the Corporation's operating revenues. Amounts held in escrow are refunded from the escrow funds received.

Bonds Payable:

Bonds payable consist of limited obligation bonds payable and general obligation bonds payable. The Corporation issued limited obligation bonds to assist in the financing of the housing needs in the State of Louisiana. The Corporation issued general obligation bonds for the purpose of refunding multifamily mortgage revenue bonds.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. LONG-TERM LIABILITIES: (Continued)

Bonds Payable: (Continued)

The bonds payable outstanding as of June 30, 2020 and 2019 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>
<u>June 30, 2020</u>				
General Obligation Bonds Series 2013 Multifamily Mortgage Revenue Refunding Bonds	\$ 900,000	\$ -	\$ (65,000)	\$ 835,000
Total General Obligation Bonds Payable	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ (65,000)</u>	<u>\$ 835,000</u>
 <u>June 30, 2019</u>				
General Obligation Bonds Series 2013 Multifamily Mortgage Revenue Refunding Bonds	\$ 1,045,000	\$ -	\$ (145,000)	\$ 900,000
Total General Obligation Bonds Payable	<u>\$ 1,045,000</u>	<u>\$ -</u>	<u>\$ (145,000)</u>	<u>\$ 900,000</u>

General Obligation Bonds Payable:

On May 17, 2013, the Corporation issued \$9,995,000 of Multifamily Mortgage Revenue Refunding Bonds, Series 2013 for the purpose of currently refunding the Multifamily Mortgage Revenue Refunding Bonds, Series 2006A. The bonds are general obligations of the Corporation, secured by and payable from any and all funds of the Corporation not otherwise required to be irrevocably dedicated to other purposes. The bonds mature on December 1, 2031. The bonds bear interest at 2.50% per annum. At June 30, 2020 and 2019, \$835,000 and \$900,000, respectively, of the bonds were outstanding.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. LONG-TERM LIABILITIES: (Continued)

General Obligations Bonds Payable: (Continued)

Future debt service requirements for the general obligation bonds payable are as follows:

Year Ended			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 20,875	\$ 20,875
2022	-	20,875	20,875
2023	-	20,875	20,875
2024	-	20,875	20,875
2025	-	20,875	20,875
2026-2030	-	104,375	104,375
2031-2035	835,000	31,313	866,313
	<u>\$ 835,000</u>	<u>\$ 240,063</u>	<u>\$ 1,075,063</u>

Limited Obligation Bonds Payable:

As authorized by the initial enabling legislation, the Corporation issues revenue bonds to assist in the financing of housing needs in the State of Louisiana. The bonds are limited obligations, payable only from the income, revenues, and receipts derived from the mortgage loans and other investments held under and pursuant to the trust indentures and therefore pledged. The bonds are considered to be conduit debt of the Corporation and do not constitute an obligation, either general or special, of the State of Louisiana, any municipality or any other political subdivision of the state. Bonds issued by the Corporation for which the Corporation and the state have no responsibility for repayment are not recorded in the accompanying financial statements. At June 30, 2020 and 2019, there were approximately \$486 million and \$465 million of such bonds outstanding in 57 and 54 bond programs, respectively.

Compensated Absences:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service.

The cost of leave privileges, computed in accordance with GASB Codification C60, *Accounting for Compensated Absences*, is recognized as a current year expense when the leave is earned. The Corporation had paid compensated absences of \$29,026 and \$56,282 throughout the years ended June 30, 2020 and 2019, respectively, for a remaining balance of \$1,325,346 and \$1,206,746, respectively.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. LONG-TERM LIABILITIES: (Continued)

Amounts Held in Escrow:

Properties with outstanding loans or other obligations through the Corporation have surplus amounts set aside, from principal and interest payments, held in escrow to be used for insurance, taxes, and expenses. Amounts held in escrow offset corresponding cash account balances. As of June 30, 2020 and 2019, the outstanding balance of the amounts held in escrow are \$1,195,580 and \$1,398,073, respectively.

6. FEDERAL FINANCIAL ASSISTANCE:

Federal grant programs represent an important source of funding to finance housing programs which are beneficial to the State of Louisiana. These grants are recorded as non-operating income and expense, and any assets held in relation to the programs are restricted. Receivables are established when eligible expenditures are incurred. The grants specify the purpose for which funds may be used and are subject to audit in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

In the normal course of operations, grant funds are received from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. These audits can result in restitution to the federal agency as a result of noncompliance.

7. RETIREMENT BENEFITS:

Plan Description:

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

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

In 1999, an Optional Retirement Plan (ORP) was established as a defined contribution component of LASERS for certain unclassified employees who otherwise would have been eligible to become members of the defined benefit plan. The ORP provides portability of assets and full and immediate vesting of all contributions submitted on behalf of members. The ORP is administered by a third-party provider with oversight from LASERS Board of Trustees.

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7. RETIREMENT BENEFITS: (Continued)

Monthly employer and employee contributions are invested as directed by the member to provide the member with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the member's working lifetime. ORP balances are held by the provider in each participant's name. These balances are included in LASERS total investments on the Statement of Fiduciary Net Position. The ORP was closed to new members on December 7, 2007. However, members in the ORP as of December 31, 2007 were granted the option by Act 718 of the 2012 Louisiana Regular Legislative Session to regain membership in the defined benefit plan.

Benefits Provided:

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Rank-and-file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

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

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

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members

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7. RETIREMENT BENEFITS: (Continued)

Benefits Provided: (Continued)

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

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after 5 years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

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

Deferred Retirement Benefits:

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

For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among

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7. RETIREMENT BENEFITS: (Continued)

Benefits Provided: (Continued)

Deferred Retirement Benefits: (Continued)

available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider.

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

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

Disability Benefits:

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

Survivor's Benefits:

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

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7. RETIREMENT BENEFITS: (Continued)

Benefits Provided: (Continued)

Survivor's Benefits: (Continued)

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the members' final average compensation.

Permanent Benefit Increases/Cost-of-Living Adjustments:

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

Contributions:

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. Members are required by state statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 and 8.0% of their annual covered salaries if hired after July 1, 2006. The Corporation is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal years ended June 30, 2020 and 2019 was 40.7% and 37.9%, respectively, of annual covered payroll. The Corporation's contribution to LASERS for the years ended June 30, 2020 and 2019 was \$3,369,297 and \$2,970,805, respectively.

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7. RETIREMENT BENEFITS: (Continued)

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

At June 30, 2020 and 2019, the Corporation reported a liability for LASERS of \$28,348,404 and \$26,735,410, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2019 and 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those dates. The Corporation's proportion of the net pension liability was based on a projection of the Corporation's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 and 2019, the Corporation's proportions were 0.391% and 0.392%, respectively. This reflects a decrease of 0.001% from its proportion measured as of June 30, 2019, and an increase of 0.049% from its proportion measured as of June 30, 2018.

For the years ended June 30, 2020 and 2019, the Corporation recognized pension expense of \$5,134,497 and \$2,501,627, respectively.

At June 30, 2020, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>June 30, 2020</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 174,068	\$ 58,906
Changes of assumptions	242,918	-
Net difference between projected and actual earnings on pension plan investments	979,399	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,105,345	44,991
Employer contributions subsequent to the measurement date	3,369,297	-
Total	<u>\$ 5,871,027</u>	<u>\$ 103,897</u>

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7. RETIREMENT BENEFITS: (Continued)

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

At June 30, 2019, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>June 30, 2019</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 299,810
Changes of assumptions	272,054	-
Net difference between projected and actual earnings on pension plan investments	346,670	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,741,117	111,502
Employer contributions subsequent to the measurement date	<u>2,970,805</u>	<u>-</u>
Total	<u>\$ 6,330,646</u>	<u>\$ 411,312</u>

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date in the amount of \$3,369,297 will be recognized as a reduction of the net pension liability during the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense (benefit) are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ 2,046,296
2022	(285,032)
2023	269,453
2024	<u>367,116</u>
Total	<u>\$ 2,397,833</u>

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7. RETIREMENT BENEFITS: (Continued)

Actuarial Assumptions:

The total pension liabilities in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation dates	June 30, 2019 and 2018
Actuarial cost method	Entry Age Normal
Expected remaining service lives	2 years and 3 years for 2019 and 2018, respectively.
Investment rate of return	7.60% and 7.65% per annum for 2019 and 2018, respectively.
Inflation rate	2.50% and 2.75% per annum for 2019 and 2018, respectively.
Period of experience study	2014 – 2018 and 2009 – 2013 for 2019 and 2018, respectively.
Mortality Rates	Non-disabled members: Based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis, for 2019. Based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015, for 2018.
Mortality Rates (Continued)	Disabled members: Based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement for 2019 and 2018, respectively.
Termination, Disability, and Retirements	Termination, disability, and retirement assumptions were based on a five-year (2014-2018) experience study of the LASERS' members, for 2019, and were projected based on a five-year (2009-2013) experience study of LASERS' members, for 2018.

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7. RETIREMENT BENEFITS: (Continued)

Actuarial Assumptions: (Continued)

Salary increases

Salary increases for 2019 were projected based on a 2014-2018 experience study of the LASERS's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.2%	13.0%
Judges	2.8%	5.3%
Corrections	3.8%	14.0%
Hazardous Duty	3.8%	14.0%
Wildlife	3.8%	14.0%

Salary increases for 2018 were projected based on a 2009-2013 experience study of the LASERS's members. The salary increase ranges for specific types of members are:

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

Cost of living adjustments

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

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7. RETIREMENT BENEFITS: (Continued)

Actuarial Assumptions: (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and 3.25% for 2019 and 2018, respectively, and an adjustment for the effect of rebalancing/ diversification. The resulting expected long-term rates of return are 9.00% for 2019 and 8.83% for 2018. Best estimates of geometric real rates of return for each major asset class included in LASERS target asset allocation as of June 30, 2019 and 2018, are summarized in the following table:

Asset Class	June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Cash	0%	0.24%
Domestic Equity	23%	4.83%
International Equity	32%	5.83%
Domestic Fixed Income	6%	2.79%
International Fixed Income	10%	4.49%
Alternative Investments	22%	8.32%
Risk Parity	7%	5.06%
Total	<u>100%</u>	

Asset Class	June 30, 2018	
	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Cash	0%	-0.48%
Domestic Equity	23%	4.31%
International Equity	32%	5.26%
Domestic Fixed Income	6%	1.49%
International Fixed Income	10%	2.23%
Alternative Investments	22%	7.67%
Risk Parity	7%	4.96%
Total	<u>100%</u>	

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7. RETIREMENT BENEFITS: (Continued)

Actuarial Assumptions: (Continued)

The discount rate used to measure the total pension liability was 7.60% and 7.65% for June 30, 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the pension plan. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

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

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

	1.0% Decrease 6.60%	Current Discount Rate 7.60%	1.0% Increase 8.60%
2020	\$ 35,779,301	\$ 28,348,404	\$ 22,071,790
	1.0% Decrease 6.65%	Current Discount Rate 7.65%	1.0% Increase 8.65%
2019	\$ 33,741,864	\$ 26,735,410	\$ 20,701,127

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued 2019 and 2018 Comprehensive Annual Financial Reports for LASERS at www.lasersonline.org or on the Louisiana Legislative Auditor's website at www.lla.la.gov.

Payables to the Pension Plan:

As of June 30, 2020 and 2019, the Corporation reported a payable of \$133,350 and \$122,605, respectively, for outstanding contributions due to LASERS.

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8. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

Substantially all employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the Corporation. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Corporation. For each of the years ended June 30, 2020 and 2019, 17 retirees and 19 retirees, respectively, were receiving postemployment benefits.

Plan Description:

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

Benefits Provided:

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

Contributions:

The contribution requirements of plan members and the Corporation are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and Corporation contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their postemployment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Employer contributions to the OPEB Plan from the Corporation were \$146,305 and \$138,951 for the years ended June 30, 2020 and 2019, respectively.

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

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8. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Contributions: (Continued)

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

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. The employer pays 50% of the individual retiree's premium. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

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

At June 30, 2020 and 2019, the Corporation reported a liability of \$10,994,350 and \$11,020,220, respectively, for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of July 1, 2019 and 2018, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of that date. The Corporation's proportion of the total OPEB liability was based on a projection of the Corporation's total OPEB liability relative to the projected total OPEB liability of all participating employers, actuarially determined. As of July 1, 2019 and 2018, the Corporation's proportion was 0.1424% and 0.1291%, respectively.

For the year ended June 30, 2020 and 2019, the Corporation recognized OPEB expense of \$170,261 and \$275,158, respectively. As of June 30, 2020 and 2019, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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8 POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>June 30, 2020</u>		
Changes of assumptions	\$ -	\$ 1,772,307
Differences between expected and actual experience	132,948	37,837
Changes in employer's proportionate share	944,427	1,516
Differences between employer contributions and proportionate share of contributions	-	410,516
Employer contributions subsequent to the measurement date	<u>146,305</u>	<u>-</u>
Total	<u>\$ 1,223,680</u>	<u>\$ 2,222,176</u>
<u>June 30, 2019</u>		
Changes of assumptions	\$ -	\$ 742,467
Differences between expected and actual experience	-	48,033
Changes in employer's proportionate share	-	2,122
Differences between employer contributions and proportionate share of contributions	-	294,999
Employer contributions subsequent to the measurement date	<u>138,951</u>	<u>-</u>
Total	<u>\$ 138,951</u>	<u>\$ 1,087,621</u>

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$146,305 will be recognized as a reduction of the collective total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

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8 POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

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

Year Ended	
June 30	Amount
2021	\$ (510,290)
2022	(388,462)
2023	(192,025)
2024	(54,024)
Total	<u>\$ (1,144,801)</u>

Actuarial Assumptions:

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.8%
Salary Increases	Consistent with the pension valuation assumptions
Investment Rate of Return	2.79%, based on the June 30, 2019 S&P Municipal Bond 20-Year High Grade Rate Index
Healthcare Cost Trend	7% - 4.5%
Mortality Rates	For active lives: RP2014 Blue Collar Employee Table adjusted by 0.978 for males and 1.144 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018. For healthy retiree lives: The RP2014 Blue Collar Healthy Annuitant Table adjusted by 1.280 for males and 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.

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8. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates	For disabled retiree lives: RP2000 Disabled Tables adjusted by 1.009 for Males and 1.043 for Females, not projected with Mortality Improvement.
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The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.8%
Salary Increases	Consistent with the pension valuation assumptions
Investment Rate of Return	2.98%, based on the June 30, 2018 S&P Municipal Bond 20-Year High Grade Rate Index
Healthcare Cost Trend	7% - 4.5%
Mortality Rates	For healthy lives the RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017 For existing disabled lives, the RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017.

Discount Rate:

The discount rate used to measure the total OPEB liability was 2.79%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB Plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

The discount rate used to measure the total OPEB liability was decreased to 2.79% in the July 1, 2019 valuation from 2.98% as of July 1, 2018.

LOUISIANA HOUSING CORPORATION
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JUNE 30, 2020 AND 2019

8. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

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

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

	1.0% Decrease (1.79%)	Current Discount Rate (2.79%)	1.0% Increase (3.79%)
<u>June 30, 2020</u>			
Corporation's proportionate share of the collective total OPEB liability	\$ 13,280,837	\$ 10,994,350	\$ 9,219,693
	1.0% Decrease (1.98%)	Current Discount Rate (2.98%)	1.0% Increase (3.98%)
<u>June 30, 2019</u>			
Corporation's proportionate share of the collective total OPEB liability	\$ 13,337,501	\$ 11,020,220	\$ 9,222,964

Sensitivity of the Corporation's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate:

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

	1.0% Decrease	Healthcare Cost Trend Rate	1.0% Increase
<u>June 30, 2020</u>			
Corporation's proportionate share of the collective total OPEB liability	\$ 9,106,707	\$ 10,994,350	\$ 13,472,786
<u>June 30, 2019</u>			
Corporation's proportionate share of the collective total OPEB liability	\$ 9,047,546	\$ 11,020,220	\$ 13,637,051

LOUISIANA HOUSING CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Payables to the OPEB Plan:

As of June 30, 2020 and 2019, the Corporation did not report any outstanding amount of contributions payable to the OPEB Plan.

9. CAPITAL ASSETS:

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,022,338	\$ -	\$ -	\$ 1,022,338
Construction in progress	775	-	(775)	-
Total capital assets not being depreciated	<u>1,023,113</u>	<u>-</u>	<u>(775)</u>	<u>1,022,338</u>
Capital assets being depreciated:				
Buildings	107,023,487	-	-	107,023,487
Equipment	3,499,771	169,480	-	3,669,251
Land improvements	130,940	40,470	-	171,410
Total capital assets being depreciated	<u>110,654,198</u>	<u>209,950</u>	<u>-</u>	<u>110,864,148</u>
Accumulated depreciation:				
General	(6,456,692)	(273,351)	-	(6,730,043)
HUD disposition	(22,259,586)	(2,403,908)	-	(24,663,494)
Mid-City Gardens	(3,367,434)	(488,759)	-	(3,856,193)
Total accumulated depreciation	<u>(32,083,712)</u>	<u>(3,166,018)</u>	<u>-</u>	<u>(35,249,730)</u>
Total capital assets being depreciated, net	<u>78,570,486</u>	<u>(2,956,068)</u>	<u>-</u>	<u>75,614,418</u>
Total capital assets, net	<u>\$ 79,593,599</u>	<u>\$ (2,956,068)</u>	<u>\$ (775)</u>	<u>\$ 76,636,756</u>

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,022,338	\$ -	\$ -	\$ 1,022,338
Construction in progress	-	775	-	775
Total capital assets not being depreciated	<u>1,022,338</u>	<u>775</u>	<u>-</u>	<u>1,023,113</u>

LOUISIANA HOUSING CORPORATION
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9. CAPITAL ASSETS: (Continued)

	Balance <u>June 30, 2018</u>	Additions	Deletions	Balance <u>June 30, 2019</u>
Capital assets being depreciated:				
Buildings	\$ 107,023,487	\$ -	\$ -	\$ 107,023,487
Equipment	3,492,821	6,950	-	3,499,771
Land improvements	130,940	-	-	130,940
Total capital assets being depreciated	<u>110,647,248</u>	<u>6,950</u>	<u>-</u>	<u>110,654,198</u>
Accumulated depreciation:				
General	(6,179,863)	(276,829)	-	(6,456,692)
HUD disposition	(19,860,756)	(2,398,830)	-	(22,259,586)
Mid-City Gardens	(2,863,369)	(504,065)	-	(3,367,434)
Total accumulated depreciation	<u>(28,903,988)</u>	<u>(3,179,724)</u>	<u>-</u>	<u>(32,083,712)</u>
Total capital assets being depreciated, net	<u>81,743,260</u>	<u>(3,172,774)</u>	<u>-</u>	<u>78,570,486</u>
Total capital assets, net	<u>\$ 82,765,598</u>	<u>\$ (3,171,999)</u>	<u>\$ -</u>	<u>\$ 79,593,599</u>

Included in capital assets at June 30, 2020 and 2019 is \$84,564,096 and \$84,525,596, respectively, of costs related to the two HUD disposition properties owned by the Corporation. These buildings were heavily damaged by Hurricane Katrina (see Note 10). Reconstruction of the first property (Willowbrook) was completed during the year ended June 30, 2008, and its operations commenced in May 2008. Reconstruction of the second property (Village de Jardin) was completed during the year ended June 30, 2012, and its operations commenced in April 2012. The depreciation expense related to these properties is recorded within the net loss from rental property on the statement of revenues, expenses, and changes in net position.

Included in restricted capital assets for each of the years ended June 30, 2020 and 2019, is \$14,304,972 related to the Mid-City Gardens (formerly Capital City South) project. This project is restricted because it is funded by the Neighborhood Stabilization Program (NSP) and any net income is currently expected to be recognized as program income to be used within the program. The property was acquired by the Corporation in 2010 through the foreclosure of a loan funded with HOME program funds. The Corporation used the NSP funds and HOME program funds to renovate and rehabilitate the property. The property commenced operations in December 2012. The depreciation expense related to these properties is recorded within the net loss from rental property on the statement of revenues, expenses and changes in net position.

LOUISIANA HOUSING CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

10. HUD DISPOSITION PROPERTIES:

The Corporation is the owner of two low-income, multi-family rental properties that were originally purchased from the U. S. Department of Housing and Urban Development (HUD) at a cost of \$1 each. The Corporation funded renovations to the properties totaling approximately \$3.3 million through June 30, 2005. On August 29, 2005, the properties were heavily damaged by Hurricane Katrina. The properties were insured by the State of Louisiana Office of Risk Management. The State of Louisiana assumed responsibility for the reconstruction of the properties. Both properties are fully renovated and occupied. The completed properties are recorded within capital assets on the Corporation's Statement of Net Position.

The properties were purchased in 1995. If the properties are sold, the sales proceeds less certain costs and expenses shall be assigned to HUD in the following amounts:

- a) 75%, if sold between 15 and 20 years from the purchase date;
- b) 50%, if sold between 20 and 30 years from the purchase date; or
- c) 25%, if sold over 30 years from the purchase date

The net income (loss) from the properties is recorded as non-operating revenue (expense).

11. MORTGAGE LOANS RECEIVABLE:

As part of the HOME program, loans have been made to qualified low-income single-family homebuyers and to developers of low-income, multi-family projects. The HOME loans are issued as a supplement to primary financing and are collateralized by a second mortgage on the property financed. Payments on these loans are deferred until the earlier of: a) the date the primary loan is paid out, or b) a specified future date, with cash flows as a factor in determining amounts due for the majority of the multi-family HOME loans. The multi-family loans are financed at interest rates ranging from 0% - 7.75%. The single family loans are financed at 0% interest.

Conditional HOME loans include compliance requirements associated with the loan agreement. As long as the property owner is in compliance with the agreement the debt will be reduced by a predetermined rate at the end of each affordability period. The entire principal balance will be forgiven on the maturity date. In the event the owner is found to be out of compliance, the total principal balance will be due upon demand.

As part of the multifamily program, loans have been made under the Section 202 Program. The Program is designed to make loans to eligible projects pursuant to Section 202 of the Housing Act of 1959, as amended, and the Risk Sharing Program administered by HUD. The multifamily Section 202 loans consist of a Risk Sharing Mortgage Note and a Subordinate Mortgage Note. The loans are collateralized by a security interest in the property with principal

LOUISIANA HOUSING CORPORATION
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JUNE 30, 2020 AND 2019

11. MORTGAGE LOANS RECEIVABLE: (Continued)

and interest payments due monthly through 2022. These loans are financed at interest rates ranging from 3.25% - 3.60% interest. The Risk Sharing Mortgage Notes are 50% guaranteed by HUD under the Risk Sharing loan insurance program. The properties have also obtained HOME loans as described in the previous paragraph.

During the year ended June 30, 2010, an award of funds (1602 Funds) was received from the United States Treasury Department under the provisions of Section 1602 of Subtitle C of Title I of Division B of the American Recovery and Reinvestment Act of 2009. The Corporation began loaning these funds to qualified multifamily low-income housing projects. These loans are financed at a 0% interest rate and will mature at the end of a 15-year period. The debt will be forgiven at the end of this period, if certain conditions have been met.

During the year ended June 30, 2010, a Tax Credit Assistance Program (TCAP) Grant under Title XII of the American Recovery and Reinvestment Act of 2009 was received to loan funds to Low Income Housing Tax Credit (LIHTC) projects. These loans are financed at interest rates ranging from 0% to 4.4% and are collectible from surplus cash generated by the projects.

As part of the Neighborhood Stabilization Program (NSP), funds are loaned to qualified borrowers for the purpose of redeveloping abandoned and foreclosed homes, land banking and homebuyer education. These loans are financed at interest rates between 0% and 2% and are either payable upon demand or from surplus cash generated by the projects. Certain loans under this program are forgivable.

The Louisiana Housing Trust Funds are utilized to provide financing for sustainable affordable rental and homeownership housing developments. The Housing Trust funds provide soft-second mortgages to qualified low-income, single-family homebuyers and developers of low-income, multifamily rental projects. These loans are financed at a 0% interest rate and will mature at the end of the 15-year affordability period. The debt will be forgiven at the end of the affordability period, if certain conditions have been met.

As part of the Community Development Block Grant Piggyback Program, funds are loaned to qualified borrowers to provide needed residential rental property assistance for qualified projects to remedy the loss of such residential rental property due to the damage caused by Hurricane Katrina and Hurricane Rita. These loans are financed at interest rates between 0% and 3.5% and are either payable upon demand or from surplus cash generated by the projects.

The CDBG Soft Second Program give the opportunity to obtain safe, affordable, energy-efficient housing, and it is designed to cover the affordability gap between the maximum amount that a homebuyer can afford and the purchase price of the home. This program is specifically

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

11. MORTGAGE LOANS RECEIVABLE: (Continued)

designed for individuals with an annual household income at or below 80% of the Area Median Income. A first-time homebuyer is an individual who meets specific criteria set by program developers to meet the required goals set for those who participate in the program.

The CDBG 2016 Flood Multi Family Loans program is for loans and grants for developers with multifamily structures of 20 or more units under the Multifamily Restoration Loan Fund (MRLF). Widespread flooding in 2016 resulted in the loss of affordable rental units across more than 51 parishes. Funds were made available to properties with existing affordability commitments for repair and restoration of flood-impacted units. Total loan and grant funding available for the MRLF is \$19.25 million, allocated across four pools to ensure participation across various areas of concern.

EBR 2016 Flood Developer Loans purpose is to eliminate blight and stabilize neighborhoods impacted by the Great Floods of 2016, repair damaged rental housing stock that will be made available at affordable rental rates for low-income households, and increase the available rental stock in flood-damaged East Baton Rouge. The program is designed to provide forgivable loans for construction of new rental units and repair or reconstruction of flood-damaged rental units affected by the Great Floods of 2016 for occupancy by low to moderate-income tenants. Eligible property owners must secure all funds necessary that are required in excess of the assistance provided by the program. The program will provide benefit in the form of affordable rents to tenant households meeting the low and moderate-income (LMI) National Objective requirements in accordance with HUD LMI standards.

The National Housing Trust Fund (NHTF) is a federal affordable housing production program designed to complement existing Federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families and individuals. The NHTF regulations are modeled on the HOME Program, but there are several key differences. NHTF has deeper income targeting, lower rent requirements, and a longer minimum affordability period. LHC was designated as the State Designated Entity (SDE) for purposes of administering the State's National Housing Trust Fund Program.

LOUISIANA HOUSING CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

11. MORTGAGE LOANS RECEIVABLE: (Continued)

The loan portfolio at June 30, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
HOME Multifamily Mortgage Loans	\$ 142,247,387	\$ 141,154,034
1602 Sub Award Multifamily Loans	86,751,759	99,167,669
TCAP Multifamily Mortgage Loans	37,965,934	38,431,254
CDBG - Piggyback	24,780,767	15,856,679
Louisiana Housing Trust Fund Loans	20,196,400	20,196,400
CDBG 2016 Flood Multi-Family Loans	10,813,530	10,610,739
Neighborhood Stabilization Program Loans	7,494,129	7,677,650
OCD CDBG Soft Second Loans	4,012,849	739,548
HOME Single Family Mortgage Loans	3,304,769	2,684,299
CDBG 2016 Flood Landlord Loans	3,271,447	347,835
National Housing Trust Fund Loans	2,675,528	-
Multifamily Conditional HOME Loans	1,394,088	1,484,246
EBR 2016 Flood Landlord Loans	1,333,164	699,919
EBR 2016 Flood Developer Loans	1,144,978	248,298
202 Elderly Project Mortgage Loans	382,061	483,542
	<u>347,768,790</u>	<u>339,782,112</u>
Reserve for loan losses	<u>(153,740,332)</u>	<u>(167,985,451)</u>
	<u>\$ 194,028,458</u>	<u>\$ 171,796,661</u>

The collections from the HOME, 1602 Exchange, TCAP, NSP and Louisiana Housing Trust Fund loans are restricted to funding future lending programs. The multifamily Section 202 loans are held in trust and pledged to repay the Series 2013 Multifamily Mortgage Revenue Refunding Bonds (see Note 4). The principal balance and accruals of interest receivable on these loans are reported as restricted assets.

The reserve for loan losses (decreased) increased by (\$1,385,917) and \$2,691,868 for the years ended June 30, 2020 and 2019, respectively.

12. CONCENTRATION OF CREDIT RISK:

The HOME program loans are issued to single family borrowers and multifamily low-income housing projects throughout Louisiana. A substantial portion of the multifamily low-income housing project loans have been issued among entities with a common ownership.

LOUISIANA HOUSING CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

13. RISK MANAGEMENT:

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. To provide coverage for these risks, the Corporation participates with the State of Louisiana's Office of Risk Management (ORM), a public corporation risk pool currently operating as a common risk management and insurance program for branches of state government. An annual premium is paid to ORM for this coverage.

14. COMMITMENTS AND CONTINGENCIES:

The Corporation receives significant financial assistance from the Federal Government Department of Housing and Urban Development (HUD) in the form of grants and entitlements, which are conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations. During fiscal year ended June 30, 2017, HUD performed a review of the HOME program and issued a complaint letter concerning the Corporation's administration of the HOME Investment Partnership Programs. As a result of the review HUD is demanding reimbursement of funds due to a foreclosure on property that received HUD funding. The reimbursement demanded by HUD in the amount of \$2,468,493 is reported as a contingent liability in the due to other governments in the statement of net position awaiting final resolution of ongoing negotiations with HUD.

15. UNRESTRICTED NET POSITION – DEFICIT BALANCE:

The Corporation has a deficit of \$29,059,430 and \$28,122,385 in unrestricted net position as of June 30, 2020 and 2019, respectively. This is primarily due to the recording of a net pension liability of \$28,348,404 and \$26,735,410 as of June 30, 2020 and 2019, respectively, and a recording of an OPEB liability based on the Corporation's proportionate share of the actuarially determined State of Louisiana OPEB liability in the amount of \$10,994,350 and \$11,020,220 as of June 30, 2020 and 2019, respectively. Additionally, the Corporation incurred operating losses of approximately \$3.7 million and \$2 million for the years ended June 30, 2020 and 2019, respectively, which further reduced unrestricted net position. Although the Corporation has a deficit in unrestricted net position, the Corporation's overall net position is a surplus of approximately \$351 million as of June 30, 2020. Management is currently evaluating the deficit in unrestricted net position in order to develop a plan to increase the Corporation's profits.

LOUISIANA HOUSING CORPORATION
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JUNE 30, 2020 AND 2019

16. RESTRICTED NET POSITION:

For the Statement of Net Position, net position is reported as restricted when constraints placed on net position 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.

At June 30, 2020 and 2019, the statement of net position reports the following restricted net position:

	<u>2020</u>	<u>2019</u>
Restricted to fund future lending programs:		
Mortgage loans	\$ 347,768,790	\$ 339,782,112
Accrued interest receivable	67,107,032	63,919,702
Less: provision for loan losses	<u>(153,740,332)</u>	<u>(167,985,451)</u>
	<u>261,135,490</u>	<u>235,716,363</u>
Restricted for use in federal grant programs:		
Cash	19,733,559	17,321,055
Cash equivalents	7,599,754	7,048,640
Investments	25,591,907	12,422,030
Mid-City Gardens	10,448,778	10,937,536
Less: short-term debt	(8,255,962)	-
Less: bond and debentures payable	(835,000)	(900,000)
Less: amounts held in escrow	(1,195,580)	(1,398,073)
Less: deferred income	<u>(193,214)</u>	<u>(227,187)</u>
	<u>52,894,242</u>	<u>45,204,001</u>
Restricted Net Position	<u>\$ 314,029,732</u>	<u>\$ 280,920,364</u>

17. CHANGE IN ACCOUNTING PRINCIPLE:

During the year ended June 30, 2019, the Corporation implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which clarifies which liabilities governments should include in their note disclosures related to debt. This Statement requires that all debt disclosures present direct borrowings and direct placements of debt from other types of debt. Direct borrowing and direct placements may expose a government to risks that are different from or additional risks related to other types of debt.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

17. CHANGE IN ACCOUNTING PRINCIPLE: (Continued)

GASB Statement No. 88 also requires the disclosure of additional essential debt-related information for all types of debt, including: (1) amounts of unused lines of credit; (2) assets pledged as collateral for debt; and (3) terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses.

18. SUBSEQUENT EVENTS:

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could possibly impact the Corporation. During July 2020, the State of Louisiana announced a \$24 million Emergency Rental Assistance Program for renters experiencing financial hardship as a result of the coronavirus pandemic. Administered by the Louisiana Housing Corporation in partnership with the State of Louisiana Office of Community Development (OCD), the Louisiana Emergency Rental Assistance Program is designed to help households financially impacted as a result of shutdowns, closures, layoffs, reduced work hours or unpaid leave due to the pandemic.

The first phase of the program was funded with \$7 million from the HOME Investment Partnerships Program available, and the next phases are funded by \$5 million in Community Development Block Grant (CDBG) funds and \$12 million in Emergency Solutions Grant (ESG) funds through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. CDBG funds are not yet available, but are expected very soon. All the funding is provided to the state from the U.S. Department of Housing and Urban Development (HUD). Management of the Corporation has evaluated all subsequent events through August 31, 2020, the date the financial statements were available to be issued. No additional disclosures are considered necessary.

19. RECLASSIFICATIONS:

Certain June 30, 2019 amounts have been reclassified in order to conform to the June 30, 2020 financial statement presentation. The reclassifications had no effect on the net position or revenues, expenses and changes in fund net position.

LOUISIANA HOUSING CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CORPORATION'S PROPORTIONATE
 SHARE OF COLLECTIVE TOTAL OPEB LIABILITY
FOR THE THREE YEARS ENDED JUNE 30, 2020

<u>Fiscal Year*</u>	Corporation's Proportion of the Collective Total OPEB <u>Liability</u>	Corporation's Proportionate Share of the Collective Total <u>OPEB Liability</u>	Corporation's Covered <u>Payroll</u>	Corporation's Proportionate Share of the Collective Total OPEB Liability as a % of its Covered <u>Payroll</u>
2020	0.1424%	\$ 10,994,350	\$ 7,199,154	153%
2019	0.1291%	\$ 11,020,220	\$ 6,294,504	175%
2018	0.1291%	\$ 11,222,480	\$ 5,781,619	194%

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

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

LOUISIANA HOUSING CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CORPORATION'S PROPORTIONATE
 SHARE OF NET PENSION LIABILITY
FOR THE SIX YEARS ENDED JUNE 30, 2020

<u>Fiscal Year*</u>	Corporation's Proportion of the Net Pension <u>Liability</u>	Corporation's Proportionate Share of the Net Pension <u>Liability</u>	Corporation's Covered <u>Payroll</u>	Corporation's Proportionate Share of the Net Pension Liability as a % of its Covered <u>Payroll</u>	Plan Fiduciary Net Position as a % of the Total Pension <u>Liability</u>
2020	0.39129 %	\$ 28,348,404	\$ 7,833,901	362%	62.9%
2019	0.39202 %	\$ 26,735,410	\$ 7,339,373	364%	64.3%
2018	0.34293 %	\$ 24,138,414	\$ 5,966,126	405%	62.5%
2017	0.32222 %	\$ 25,302,649	\$ 6,496,374	389%	57.7%
2016	0.37644 %	\$ 25,603,670	\$ 7,562,192	339%	62.7%
2015	0.39100 %	\$ 24,448,743	\$ 6,772,968	361%	65.0%

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

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

LOUISIANA HOUSING CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CORPORATION'S PENSION CONTRIBUTIONS
FOR THE SIX YEARS ENDED JUNE 30, 2020

<u>Fiscal Year*</u>	<u>Contractually Required Contribution</u>	Contributions in Relation to <u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
2020	\$ 3,370,612	\$ 3,369,297	\$ 1,315	\$ 8,281,601	40.7%
2019	\$ 2,969,048	\$ 2,970,805	\$ (1,757)	\$ 7,833,901	37.9%
2018	\$ 2,781,622	\$ 2,782,983	\$ (1,361)	\$ 7,339,373	37.9%
2017	\$ 2,135,873	\$ 2,135,701	\$ 172	\$ 5,966,126	35.8%
2016	\$ 2,416,651	\$ 2,416,651	\$ -	\$ 6,496,374	37.2%
2015	\$ 2,798,011	\$ 2,798,011	\$ -	\$ 7,562,192	37.0%

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

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

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020 AND 2019

1. Schedule of the Corporation's Proportionate Share of the Collective Total Other Post-employment Benefit Liability in the State of Louisiana Post-employment Benefits Plan:

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

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

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

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

3. Schedule of the Corporation's Pension Contributions:

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

4. Changes in Benefit Terms:

Pension Plan

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

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2020 AND 2019

4. Changes in Benefit Terms: (Continued)

OPEB Plan

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

5. Changes in Assumptions:

Pension Plan

Louisiana State Employees' Retirement System (LASERS)

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Investment Rate of Return	7.60%	7.65%	7.70%	7.75%	7.75%	7.75%
Inflation Rate	2.50%	2.75%	2.75%	3.00%	3.00%	3.00%
Expected Remaining Service Lives	2 Years	3 Years	3 Years	3 Years	3 Years	3 Years
Salary Increases	2.8% - 14.0%	2.8% - 14.3%	2.8% - 14.3%	3.0% - 14.5%	3.0% - 14.5%	3.0% - 14.5%
Mortality Rate - Active & Retired Members	Mortality rates based on the RP-2014 mortality tables	Mortality rates based on the RP-2000 mortality tables	Mortality rates based on the RP-2000 mortality tables	Mortality rates based on the RP-2000 mortality tables	Mortality rates based on the RP-2000 mortality tables	Mortality rates based on the RP-2000 mortality tables
Termination, disability, and retirement assumptions	Projected on a 5 year (2014-2018) experience study	Projected on a 5 year (2009-2013) experience study	Projected on a 5 year (2009-2013) experience study	Projected on a 5 year (2009-2013) experience study	Projected on a 5 year (2009-2013) experience study	Projected on a 5 year (2009-2013) experience study

OPEB Plan

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

The discount rate changed from 3.13% as of July 1, 2017 to 2.98% as of July 1, 2018, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2018 were as follows:

1. Baseline per capita costs were updated to reflect 2018 claims and enrollment and retiree contributions were updated based on 2019 premiums. The impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2020 AND 2019

5. Changes in Assumptions: (Continued)

OPEB Plan (Continued)

2. The mortality assumption for the Louisiana State Employees' Retirement System was updated from the RP-2014 Healthy Annuitant and Employee tables for males and females with generational projections using projection scale MP-2017 to the RP-2014 Healthy Annuitant and Employee tables for males and females using projection scale MP-2018.

The discount rate changed from 2.98% as of July 1, 2018 to 2.79% as of July 1, 2019, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2019 were as follows:

1. Baseline per capita costs were updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums. Plan claims and premiums increased less than had been expected, which decreased the Plan's liability. In addition, the estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience. This further reduced the Plan's liability.
2. Life insurance contributions were updated based on updated schedules for 2020 monthly premium rates, which reduced the Plan's liability.
3. The impact of the High Cost Excise Tax was removed. The High Cost Excise Tax was repealed in December 2019. This reduced the Plan's liability.
4. Demographic assumptions were revised for the Louisiana State Employees' Retirement System to reflect the recent experience study.

LOUISIANA HOUSING CORPORATION
OTHER SUPPLEMENTARY INFORMATION
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Tammy Earles	\$ 350	\$ 400
Larry Ferdinand	50	-
Darren Guidry	150	-
Stacy Head	300	350
Byron Lee	150	250
Willie Rack	450	500
Lloyd Spillers	400	500
Jennifer Vidrine	300	300
Gillis Windham	<u>300</u>	<u>550</u>
	<u>\$ 2,450</u>	<u>\$ 2,850</u>

* Director Derrick Edwards and the State Treasurer are absent from the above schedule, as they have elected to not receive meeting fees.

** Director Anthony P. Marullo, III, Director Johnny Berthelot and Director Steven P. Jackson are absent from the schedule above because they were not appointed in the current fiscal year in time to receive payments.



Duplantier Hrapmann Hogan & Maher, LLP

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Wesley D. Wade, CPA

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

August 31, 2020

The Board of Directors
Louisiana Housing Corporation
State of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Housing Corporation General Fund (the Corporation), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated August 31, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies in internal control, described in the accompanying summary of schedule of findings as item 20-01.

Compliance and Other Matters

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

Purpose of this Report

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

Duplantier, Sharpness, Hogan and Stokes, LLP

New Orleans, Louisiana



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

August 31, 2020

The Board of Directors
Louisiana Housing Corporation
State of Louisiana
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Louisiana Housing Corporation General Fund's, (the Corporation), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Corporation's major federal programs for the year ended June 30, 2020. The Corporation'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.

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Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Corporation 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 June 30, 2020.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. A material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies in internal control, described in the accompanying summary of schedule of findings as item 20-02.

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

Duplantier, Sharpness, Hogan and Baker, LLP

New Orleans, Louisiana

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Agency/ Pass-through grantor	CFDA No.	Name of Program	Name of Grant	Federal Grant Contract #	Total Awards Expended
U.S. Department of Housing and Urban Development					
Received directly from the federal government					
HUD	14.195	Housing Assistance Payments	Section 8	LA800CC0001	\$ 104,171,714
	14.195	Housing Assistance Payments	Section 8	Admin	<u>3,343,225</u>
		Total Section 8 Funds			<u>107,514,939</u>
HUD	14.239	HOME Investment Partnerships Program (Includes \$6,045,316 of loans)		None	<u>10,614,618</u>
HUD	14.188	Housing Finance Agency Risk Sharing Program (Amount of outstanding loan guarantees)		None	<u>191,030</u>
HUD	14.231	Emergency Solutions Grant	2013 Funds	E-13-DC-22-0001	16,653
			2014 Funds	E-14-DC-22-0001	11,283
			2015 Funds	E-15-DC-22-0001	8,703
			2016 Funds	E-16-DC-22-0001	214,317
			2017 Funds	E-17-DC-22-0001	1,518,424
			2018 Funds	E-18-DC-22-0001	1,077,717
			2019 Funds	E-19-DC-22-0001	2,144,754
			Admin		<u>37,668</u>
		Total Emergency Solutions Grant Funds			<u>5,029,519</u>
HUD	14.267	Continuum of Care	Admin	LA0001L6H091805	12,038,443
		Total Continuum of Care Funds			<u>599,587</u> <u>12,638,030</u>
HUD	14.871	Section 8 Housing Choice Vouchers	Admin	LA903VO0031	12,093,037
		Total Section 8 Housing Choice Voucher Funds			<u>951,883</u> <u>13,044,920</u>

(Continued)

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Agency/ Pass- through grantor	CFDA No.	<u>Name of Program</u>	<u>Name of Grant</u>	Federal Grant Contract #	Total Awards Expended
HUD	14.326	Housing Assistance Payments	Section 811	LA48RDD1201	\$ 987,636
			Admin	LA48DRD1201	87,030
		Total Housing Assistance Funds			<u>1,074,666</u>
HUD	14.169	Comprehensive Housing Counseling	2018 Funds	HC180841002	302,150
			2019 Funds	HC190841002	373,296
			Admin		77,447
		Total Comprehensive Housing Counseling Funds			<u>752,893</u>
HUD	14.905	Lead Hazard	2020 Funds	None	<u>68,477</u>
HUD	14.275	National Housing Trust Fund	2020 Funds	None	2,675,527
			Admin		33,434
		Total National Housing Trust Fund			<u>2,708,961</u>
		Total received directly from the U.S. Department of Housing and Urban Development			<u>153,638,053</u>
Passed through the State of Louisiana Office of Community Development					
HUD	14.228	Disaster Funds	2006 Funds	B-06-DG-22-0001	20,167,676
HUD	14.228	NRPP	2008 Funds	B-08-DI-22-0001	511,730
			Admin		3,026,810
		Total CDBG Funds			<u>23,706,216</u>
		Total passed through the State of Louisiana			<u>23,706,216</u>
		Total U.S. Department of Housing and Urban Development			<u>177,344,269</u>

(Continued)

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Agency/ Pass-through grantor	CFDA No.	<u>Name of Program</u>	<u>Name of Grant</u>	Federal Grant Contract #	Total Awards Expended
U.S. Department of Homeland Security					
DHS	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	2020 Funds	None	<u>\$ 4,556,648</u>
Total U.S. Department of Homeland Security					<u>4,556,648</u>
U.S. Department of Health and Human Services					
DHHS	93.568	Low Income Housing Energy Assistance Program (LIHEAP)	2018 Funds	G-1801LALIEA	2,111,547
			2019 Funds	G-1901LALIEA	26,223,248
			2020 Funds	G-2001LALIEA	12,092,843
			Admin		<u>823,780</u>
		Total Low Income Housing Energy Assistance Program Funds			<u>41,251,418</u>
Total U.S. Department of Health and Human Services					<u>41,251,418</u>
U.S. Department of Energy					
DOE	81.042	Weatherization Assistance Program	2019 Funds	DE-EE0007923	318,370
			2020 Funds	DE-EE0007923	984,274
			Admin		<u>84,531</u>
		Total Weatherization Assistance Program Funds			<u>1,387,175</u>
Total U.S. Department of Energy					<u>1,387,175</u>
Total Expenditures of Federal Awards					<u><u>\$ 224,539,510</u></u>

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

1. BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Louisiana Housing Corporation under programs of the federal government for the year ended June 30, 2020. The information presented 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 (*the Uniform Guidance*). Because the Schedule presents only a selected portion of the operations of the Louisiana Housing Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Louisiana Housing Corporation.

2. 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.

3. INDIRECT COST RATE:

The Louisiana Housing Corporation elected not to use the 10% de minimis indirect cost rate allowed under *the Uniform Guidance*.

4. SUBRECIPIENTS:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Low Income Housing Energy Assistance Program (LIHEAP)	93.568	\$ 40,427,638
Weatherization Assistance Program (WAP)	81.042	<u>1,302,644</u>
		<u>\$ 41,730,282</u>

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

5. RECONCILIATION TO THE FINANCIAL STATEMENTS:

Per financial statements:

Federal awards expensed (non-operating)	\$ 186,497,280
Mortgage loans issued (capitalized)	25,625,143
HUD Risk Sharing Mortgage Loans	191,030
Administrative costs within operating expenses	10,017,841
Transfer to MRB programs	<u>2,208,216</u>

Per schedule of expenditures of federal awards \$ 224,539,510

6. PROGRAM INCOME:

In accordance with terms of the loans funded under the HOME Program, program income totaled \$1,024,819 during the fiscal year ended June 30, 2020. The income was comprised of mortgage loan collections of principal and interest. The expenditure of the program income is included in the accompanying schedule of expenditures of federal awards.

7. COOPERATIVE ENDEAVOR AGREEMENT:

LRS 33:9022 defines “cooperative endeavor” as any form of economic development assistance between and among the State, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The Corporation has entered into a cooperative endeavor agreement with the State of Louisiana Office of Community Development (OCD), Disaster Recovery Program, implementing a Community Development Block Grant. The Office of Community Development (OCD) expenditures totaled \$23,706,216 during the fiscal year ended June 30, 2020 and are properly included on the accompanying Schedule of Expenditures of Federal Awards.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Louisiana Housing Corporation, for the year ended June 30, 2020 was unmodified.
2. Internal Control over financial reporting:
 - Material weaknesses: None noted.
 - Significant deficiencies: One instance was noted and disclosed in accordance with *Government Auditing Standards*, as required.
3. Compliance and Other Matters
 - Noncompliance material to financial statements: None noted.

FEDERAL AWARDS:

1. Internal Control over major programs
 - Material weaknesses: None noted.
 - Significant deficiencies: One instance was noted and disclosed in accordance with *Uniform Guidance*, as required.

Type of auditor's report issued on compliance for the major federal award programs: unmodified.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Title 2 U.S. Code of Federal Regulations (CFR) section 200.516(a):

X yes ___ no

Identification of major programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
Continuum of Care	14.267	\$ 12,638,030
Low Income Housing Energy Assistance Program	93.568	<u>41,251,418</u>
		<u>\$ 53,889,448</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

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

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

Internal Controls – Significant deficiency with material weakness: none noted

Internal Controls – Significant deficiency

20-01 General Ledger

During the audit, we noted loan receivables which were paid off or no longer collectible were not properly reflected on the general ledger and the corresponding loan receivable schedules. We also noted reconciliations of various accounts and subledgers were not completed timely and reviewed by management. Not properly reflecting transactions on the general ledger and not properly reconciling subsidiary ledgers with the general ledger could result in errors occurring in financial reporting, and not be detected timely. In order to ensure accurate financial reporting, reconciliations should be completed and reviewed timely by management. Subsidiary ledgers should be periodically reviewed for accuracy and adjusted as necessary.

We recommend the Corporation review account details on a regular basis and at year end to ensure information is being posted accurately; and review, investigate, and remove, as necessary, items listed on subsidiary ledgers that are inaccurate. We also recommend that reconciliations of subsidiary ledgers to the general ledger be completed timely and reviewed by management.

Compliance with Laws and Regulations: none noted

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

Internal Controls – Significant deficiency

20-02 Monitoring of Matching Requirement (Continuum of Care)

During the testing of the Continuum of Care grant, we noted the Corporation's records did not include verification of the eligibility and value of the cash match as provided by Medicaid in partnership with the Louisiana Department of Health (LDH) for the grant. The Corporation required that LDH submit quarterly reports to the Corporation in order for the Corporation to monitor compliance with the matching requirements. Not reviewing the matching documentation timely could result in noncompliance with the grant requirements. In order to ensure compliance with the grant, quarterly reviews should be submitted by LDH and reviewed timely by the Corporation's management.

We recommend the Corporation review and evaluate the matching documentation provided by Louisiana Department of Health on a quarterly basis to ensure compliance with the grant's matching requirement.

LOUISIANA HOUSING CORPORATION
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SUMMARY OF PRIOR YEAR FINDINGS:

Internal Controls – Significant deficiency

19-01 General Ledger

During the audit, we noted loan receivables which were paid off or no longer collectible were not properly reflected on the general ledger and the corresponding loan receivable schedules. We also noted reconciliations of various accounts and subledgers were not completed timely and reviewed by management. Not properly reflecting transactions on the general ledger and not properly reconciling subsidiary ledgers with the general ledger could result in errors occurring in financial reporting, and not be detected timely. In order to ensure accurate financial reporting, reconciliations should be completed and reviewed timely by management. Subsidiary ledgers should be periodically reviewed for accuracy and adjusted as necessary.

We recommended the Corporation review account details on a regular basis and at year end to ensure information is being posted accurately; and review, investigate, and remove, as necessary, items listed on subsidiary ledgers that are inaccurate. We also recommended that reconciliations of subsidiary ledgers to the general ledger be completed timely and reviewed by management.

The comment was repeated during the current year. See 20-01.

Compliance with Laws and Regulations

19-02 FDIC and Pledged Collateral Coverage

During the audit of the Corporation, it was noted that \$449,782 of cash balances at year end held were not fully covered by FDIC insurance and pledged securities. The insufficient collateral was due to an incorrect account set up at the financial institution. Louisiana Revised Statute 49:321 requires that all cash balances held in the bank should be fully collateralized or otherwise secured throughout the year. Cash balances held in the bank that are not fully collateralized could result in a loss of funds. We recommended the Corporation monitor cash bank balances and obtain additional pledged securities when necessary to secure cash balances at all times.

This comment was resolved during the current year.

APPENDIX A

ANNUAL FISCAL REPORT (AFR) FOR 2020

AGENCY: 20-18 - Louisiana Housing Corporation

PREPARED BY: --

PHONE NUMBER: --

EMAIL ADDRESS: --

SUBMITTAL DATE: --

STATEMENT OF NET POSITION

ASSETS

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS	2,558,685.00
RESTRICTED CASH AND CASH EQUIVALENTS	0.00
INVESTMENTS	6,345,326.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	3,597,038.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
AMOUNTS DUE FROM PRIMARY GOVERNMENT	0.00
DUE FROM FEDERAL GOVERNMENT	7,035,075.00
INVENTORIES	0.00
PREPAYMENTS	0.00
NOTES RECEIVABLE	520,398.00
OTHER CURRENT ASSETS	256,945.00
TOTAL CURRENT ASSETS	\$20,313,467.00

NONCURRENT ASSETS:

RESTRICTED ASSETS:

CASH	27,333,313.00
INVESTMENTS	25,591,907.00
RECEIVABLES (NET)	67,107,032.00
NOTES RECEIVABLE	194,028,458.00
OTHER	10,448,778.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION)	
LAND	1,022,338.00
BUILDINGS AND IMPROVEMENTS	64,988,867.00
MACHINERY AND EQUIPMENT	176,773.00
INFRASTRUCTURE	0.00
INTANGIBLE ASSETS	0.00
CONSTRUCTION IN PROGRESS	0.00
OTHER NONCURRENT ASSETS	0.00
TOTAL NONCURRENT ASSETS	\$390,697,466.00
TOTAL ASSETS	\$411,010,933.00

DEFERRED OUTFLOWS OF RESOURCES

ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS PAID PRIOR TO MEETING TIME REQUIREMENTS	0.00
INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEREE)	0.00
LOSSES FROM SALE-LEASEBACK TRANSACTIONS	0.00
DIRECT LOAN ORIGINATION COSTS FOR MORTGAGE LOANS HELD FOR SALE	0.00
ASSET RETIREMENT OBLIGATIONS	0.00
OPEB-RELATED DEFERRED OUTFLOWS OF RESOURCES	1,223,680.00

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PENSION-RELATED DEFERRED OUTFLOWS OF RESOURCES	5,871,027.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$7,094,707.00

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$418,105,640.00
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LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUALS	6,584,561.00
ACCRUED INTEREST	0.00
DERIVATIVE INSTRUMENTS	0.00
AMOUNTS DUE TO PRIMARY GOVERNMENT	0.00
DUE TO FEDERAL GOVERNMENT	2,468,493.00
AMOUNTS HELD IN CUSTODY FOR OTHERS	0.00
UNEARNED REVENUES	0.00
OTHER CURRENT LIABILITIES	8,255,962.00

CURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	55,668.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	146,305.00
BONDS PAYABLE	0.00
OPEB LIABILITY	0.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
TOTAL CURRENT LIABILITIES	\$17,510,989.00

NONCURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	1,269,678.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	835,000.00
TOTAL OPEB LIABILITY	10,848,045.00
NET PENSION LIABILITY	28,348,404.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	1,195,580.00
UNEARNED REVENUE	0.00
TOTAL LONG-TERM LIABILITIES	\$42,496,707.00
TOTAL LIABILITIES	\$60,007,696.00

DEFERRED INFLOWS OF RESOURCES

ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	193,214.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS	4,420,377.00
SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR)	0.00
GAINS FROM SALE-LEASEBACK TRANSACTIONS	0.00
SPLIT INTEREST AGREEMENTS	0.00
POINTS RECEIVED ON LOAN ORIGATION	0.00
LOAN ORIGATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE	0.00
OPEB-RELATED DEFERRED INFLOWS OF RESOURCES	2,222,176.00

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PENSION-RELATED DEFERRED INFLOWS OF RESOURCES	103,897.00
TOTAL DEFERRED INFLOWS OF RESOURCES	\$6,939,664.00

NET POSITION:

NET INVESTMENT IN CAPITAL ASSETS	66,187,978.00
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RESTRICTED FOR:

CAPITAL PROJECTS	0.00
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DEBT SERVICE	0.00
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NONEXPENDABLE	0.00
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EXPENDABLE	0.00
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OTHER PURPOSES	314,029,732.00
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UNRESTRICTED	\$(29,059,430.00)
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TOTAL NET POSITION	\$351,158,280.00
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STATEMENT OF ACTIVITIES

PROGRAM REVENUES

EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
209,629,325.00	15,193,052.00	213,335,285.00	0.00	\$18,899,012.00

GENERAL REVENUES

PAYMENTS FROM PRIMARY GOVERNMENT	0.00
OTHER	10,805,226.00
ADDITIONS TO PERMANENT ENDOWMENTS	0.00
CHANGE IN NET POSITION	\$29,704,238.00
NET POSITION - BEGINNING	\$321,454,042.00
NET POSITION - RESTATEMENT	0.00
NET POSITION - ENDING	\$351,158,280.00

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SCHEDULE OF BONDS PAYABLE

Series Issue	Date of Issue	Original Issue Amount	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY	Interest Outstanding CFY
2013 Multifamily MRB	05/17/2013	9,995,000.00	900,000.00	(65,000.00)	\$ 835,000.00	240,063.00
		Totals	\$900,000.00	\$(65,000.00)	\$835,000.00	\$240,063.00

Series - Unamortized Premiums:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

Series - Unamortized Discounts:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

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SCHEDULE OF BONDS PAYABLE AMORTIZATION

Fiscal Year Ending:	Principal	Interest
2021	0.00	20,875.00
2022	0.00	20,875.00
2023	0.00	20,875.00
2024	0.00	20,875.00
2025	0.00	20,875.00
2026	0.00	20,875.00
2027	0.00	20,875.00
2028	0.00	20,875.00
2029	0.00	20,875.00
2030	0.00	20,875.00
2031	0.00	20,875.00
2032	835,000.00	10,438.00
2033	0.00	0.00
2034	0.00	0.00
2035	0.00	0.00
2036	0.00	0.00
2037	0.00	0.00
2038	0.00	0.00
2039	0.00	0.00
2040	0.00	0.00
2041	0.00	0.00
2042	0.00	0.00
2043	0.00	0.00
2044	0.00	0.00
2045	0.00	0.00
2046	0.00	0.00
2047	0.00	0.00
2048	0.00	0.00
2049	0.00	0.00
2050	0.00	0.00
2051	0.00	0.00
2052	0.00	0.00
2053	0.00	0.00
2054	0.00	0.00
2055	0.00	0.00
Premiums and Discounts	\$0.00	
Total	\$835,000.00	\$240,063.00

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Other Postemployment Benefits (OPEB)

If your agency has active or retired employees who are members of the Office of Group Benefits (OGB) Health Plan, please provide the following information: (Note: OGB has a 6/30/2019 measurement date for their OPEB valuation)

Benefit payments made subsequent to the measurement date of the **OGB** Actuarial Valuation Report until the employer's fiscal year end. (Benefit payments are defined as the employer payments for retirees' health and life insurance premiums). For agencies with a 6/30 year end this covers the current fiscal year being reported. For calendar year end agencies, it covers the period 7/1 to 12/31 for the current year being reported. 146,305.00

Covered Employee Payroll for the **PRIOR** fiscal year (not including related benefits) 0.00

For calendar year-end agencies only: Benefit payments or employer payments for retirees' health and life insurance premiums made for the next year's valuation reporting period (7/1/2019 - 6/30/2020). This information will be provided to the actuary for the valuation report early next year. 0.00

For agencies that have employees that participate in the **LSU Health Plan**, provide the following information: (Note: The LSU Health Plan has a measurement date of 6/30/2020 for their OPEB valuation report.)

Covered Employee Payroll for the **CURRENT** fiscal year (not including related benefits) 0.00

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FUND BALANCE/NET POSITION RESTATEMENT

Account Name/Description	Restatement Amount
Total	\$0.00

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SUBMISSION

Before submitting, ensure that all data (statements, notes, schedules) have been entered for the agency.

Once submitted no changes can be made to any of the agency data for the specified year.

By clicking 'Submit' below you certify that the financial statements herewith given present fairly the financial position and the results of operations for the year ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Reminder: You must send Louisiana Legislative Auditors an electronic copy of the AFR report in a pdf, tiff, or some other electronic format to the following e-mail address:

LLAFileroom@lla.la.gov.