

HOUSING AUTHORITY OF THE CITY OF  
BOGALUSA, LOUISIANA

REPORT ON EXAMINATION  
OF  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

YEAR ENDED SEPTEMBER 30, 2022

HOUSING AUTHORITY OF THE CITY OF  
BOGALUSA, LOUISIANA

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Housing Authority of the City of Bogalusa (the Authority) as of and for the years ended September 30, 2022 and December 31, 2021, respectively, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the Authority as of September 30, 2022 and December 31, 2021, respectively, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Pine Trace Homes RAD I, LP; Pine Trace Homes RAD II, LP; and Cypress Pointe RAD, LP, discretely presented component units of the Authority which represent 100% of the assets and deferred outflows of resources, net position and revenues of the aggregate discretely presented component units. Those statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditor.

#### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Cypress Pointe RAD, LP, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

#### Change in Accounting Principle (Emphasis-of-Matter)

As described in Note K to the financial statements, as of the beginning of the fiscal year, the Authority adopted *Governmental Accounting Standards Board Statement No. 87 – Leases*. Our opinion is not modified with respect to this matter.

**Prior Period Adjustment of a Discretely Presented Component Unit (Emphasis-of-Matter)**

As described in Note T to the financial statements, the Authority has restated beginning balances applicable to capital assets and net position of one of the discretely presented component units. Our opinion is not modified with respect to this matter.

**Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 8 through 16 be presented to supplement the basic financial statements.

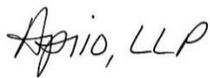
Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

### **Supplemental Information**

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Statement and Certification of Program Costs – Capital Fund Program; Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying Schedule of Compensation, Benefits and Other Payments to the Executive Director is presented for the Office of the Louisiana Legislative Auditor's information and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Statement and Certification of Program Costs – Capital Fund Program; Schedule of Expenditures of Federal Awards; Financial Data Schedule; and the Schedule of Compensation, Benefits and Other Payments to the Executive Director are 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 March 16, 2023, on our consideration of the Authority's internal control over financial reporting and 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 Authority'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 Authority's internal control over financial reporting and compliance.



Birmingham, Alabama  
March 16, 2023

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Bogalusa (the Authority), as of and for the years ended September 30, 2022 and December 31, 2021, respectively, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 16, 2023. Our report includes a reference to another auditor who audited the financial statements of Pine Trace Homes RAD I, LP; Pine Trace Homes RAD II, LP; and Cypress Pointe RAD, LP, discretely presented component units of the Authority, as described in our report on the Authority's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by the other auditor with respect to Pine Trace Homes RAD I, LP and Pine Trace Homes RAD II, LP. The financial statements of Cypress Pointe RAD, LP were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Cypress Pointe RAD, LP or that are reported on separately by that auditor who audited the financial statements of Cypress Pointe RAD, LP.

### Report on Internal Control Over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 weaknesses* or *significant deficiencies* may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2022-001 and 2022-002, that we consider to be *material weaknesses*.

**Report on Compliance and Other Matters**

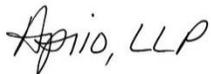
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

**The Authority's Responses to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Birmingham, Alabama  
March 16, 2023

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

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

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Program

We have audited the Housing Authority of the City of Bogalusa, Louisiana's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended September 30, 2022. The Authority's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2022.

#### Basis for Opinion on Each Major Federal Program

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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal programs. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

#### Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies* in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, *material weaknesses* or *significant deficiencies* in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Birmingham, Alabama  
March 16, 2023

**HOUSING AUTHORITY OF THE CITY OF BOGALUSA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

The Housing Authority of the City of Bogalusa's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements. This MD&A covers only the Authority's Enterprise Fund and does not analyze the financial position or current year's activity of the Discretely Presented Component Units. Separate audit reports have been issued on the financial statements of the Discretely Presented Component Units. The audited financial statements of the Discretely Presented Component Units have been included in the financial statements of the Authority.

***Financial Highlights***

- The Authority's net position increased by less than \$.3 million during 2022, and was \$12 million and \$12.3 million as of the fiscal years ended 2021 and 2022, respectively.
  
- Revenues increased \$.6 million during 2022, and were \$3 million and \$3.6 million for 2021 and 2022, respectively.
  
- Expenses increased almost \$.4 million, and were \$3 million and \$3.4 million for 2021 and 2022, respectively.

*USING THIS ANNUAL REPORT*

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary Information”:

***MD&A***

*~ MANAGEMENT DISCUSSION  
AND ANALYSIS ~*

***BASIC FINANCIAL STATEMENTS***

*~ AUTHORITY-WIDE FINANCIAL STATEMENTS ~  
~ NOTES TO FINANCIAL STATEMENTS ~*

***OTHER REQUIRED SUPPLEMENTARY INFORMATION***

*~ REQUIRED SUPPLEMENTARY INFORMATION ~  
(OTHER THAN MD&A)*

## Authority-Wide Financial Statements

### **Statement of Net Position**

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format in which assets and deferred outflows of resources, equal liabilities, deferred inflows of resources and “Net Position”, formerly known as net assets. Assets and liabilities are presented in order of liquidity and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net Position (formerly net assets) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of “Net Investment in Capital Assets”, or “Restricted Net Position.”

### **Statement of Revenues, Expenses, and Changes in Net Position**

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenue and expenses, such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the “Change in Net Position”, which is similar to Net Income or Loss.

### **Statement of Cash Flows**

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities and from capital and related financing activities.

## **THE AUTHORITY'S PROGRAMS**

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Other Programs – In addition to the significant programs above, the Authority also maintains the following programs:

- Housing Choice Voucher CARES Act Funding Program
- Blended Component Unit
- Emergency Housing Voucher Program

## AUTHORITY-WIDE STATEMENTS

### Condensed Statement of Net Position

The following table reflects the Condensed Statement of Net Position compared to the prior year.

**TABLE 1**  
**CONDENSED STATEMENT OF NET POSITION**

	<u>2022</u>	<u>2021 (Restated)</u>	<u>Variance</u>
Assets and Deferred Outflows of Resources:			
Current and Restricted Assets	\$ 1,874,280	\$ 1,705,894	\$ 168,386
Capital Assets	251,106	273,971	(22,865)
Notes Receivable	10,619,000	10,619,000	-
Deferred Outflows of Resources	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 12,744,386</b>	<b>\$ 12,598,865</b>	<b>\$ 145,521</b>
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	\$ 35,438	\$ 111,536	\$ (76,098)
Non-Current Liabilities	8,522	22,376	(13,854)
Deferred Inflows of Resources	439,716	445,862	(6,146)
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 483,676</b>	<b>\$ 579,774</b>	<b>\$ (96,098)</b>
Net Position:			
Net Investment in Capital Assets	\$ 251,106	\$ 273,971	\$ (22,865)
Restricted Net Position	53,212	102,317	(49,105)
Unrestricted Net Position	11,956,392	11,642,803	313,589
<b>Total Net Position</b>	<b>\$ 12,260,710</b>	<b>\$ 12,019,091</b>	<b>\$ 241,619</b>

### Major Factors Affecting the Condensed Statement of Net Position

During 2022, current and restricted assets increased due to an increase of investments consisting of certificates of deposit. Current liabilities decreased due to a reduction of unearned revenues resulting from the fiscal year 2022 expenditure of unexpended CARES Act funds held as of fiscal year end 2021.

Restricted net position decreased due to a reduction of cash held and restricted for housing assistance payments.

The fiscal year end 2021 balances reflected in the above Table include a restatement of 2021 deferred inflows of resources and net position of \$445,862. The restatement includes a deferral of the recognition of inflows of resources from land leased to the Discretely Presented Component Units. See the Notes to the Financial Statements for additional details regarding the restatement and land leases.

Table 2 presents details on the change in Unrestricted Net Position

**TABLE 2**

**CHANGE IN UNRESTRICTED NET POSITION**

Unrestricted Net Position (Restated), October 1, 2021	\$ 11,642,803
Results of Operations	240,067
Interest Income	1,552
Net Housing Assistance Payments Funded with Restricted Reserves	49,105
Depreciation Expense	<u>22,865</u>
<b>Unrestricted Net Position, September 30, 2022</b>	<b><u><u>\$ 11,956,392</u></u></b>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer understanding of the change in financial well-being.

**TABLE 3**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The following Schedule compares the revenues and expenses for the current and previous fiscal years.

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Revenues:			
Operating Grants	\$ 3,201,848	\$ 2,764,911	\$ 436,937
Interest Income	1,552	939	613
Other Revenue	408,768	247,672	161,096
<b>Total Revenues</b>	<b><u>\$ 3,612,168</u></b>	<b><u>\$ 3,013,522</u></b>	<b><u>\$ 598,646</u></b>
Expenses:			
Administrative Expenses	\$ 368,463	\$ 344,869	\$ 23,594
Utilities	7,492	-	7,492
Maintenance	8,641	778	7,863
General Expense	33,945	46,227	(12,282)
Depreciation	22,865	22,865	-
Housing Assistance Payments	2,929,143	2,609,188	319,955
<b>Total Expenses</b>	<b><u>\$ 3,370,549</u></b>	<b><u>\$ 3,023,927</u></b>	<b><u>\$ 346,622</u></b>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<b><u>\$ 241,619</u></b>	<b><u>\$ (10,405)</u></b>	<b><u>\$ 252,024</u></b>

**Major Factors Affecting the Schedule of Revenue, Expenses and Changes in Net Position**

Operating grants increased due to an increase of subsidies recognized under the Section 8 Housing Choice Voucher and CARES Act Programs. Other revenue increased due to an increase of developer fee income recognized.

Housing assistance payments increased due to an increase of leasing.

## Capital Assets

As of fiscal year-end, the Authority had \$.3 million invested in a variety of capital assets as reflected in the following schedule. For additional detail see the Notes to the Financial Statements.

**TABLE 4**  
**CAPITAL ASSETS AT YEAR-END**  
**(NET OF DEPRECIATION)**

	<b>2022</b>	<b>2021</b>	<b>Variance</b>	<b>% Change</b>
Buildings and Improvements	\$ 432,455	\$ 432,455	\$ -	0%
Furniture and Equipment	293,751	293,751	-	0%
Accumulated Depreciation	(475,100)	(452,235)	(22,865)	5%
<b>Net Capital Assets</b>	<b>\$ 251,106</b>	<b>\$ 273,971</b>	<b>\$ (22,865)</b>	<b>-8%</b>

**TABLE 5**  
**CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

<b>Beginning Balance, October 1, 2021</b>	<b>\$ 273,971</b>
Depreciation Expense	(22,865)
<b>Ending Balance, September 30, 2022</b>	<b>\$ 251,106</b>

## **ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

## **FINANCIAL CONTACT**

The individual to be contacted regarding this report is the Executive Director. Specific requests may be submitted to the Housing Authority of the City of Bogalusa, PO Box 1113, Bogalusa, Louisiana 70427.

**HOUSING AUTHORITY OF THE CITY OF BOGALUSA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

**ASSETS AND DEFERRED**  
**OUTFLOWS OF RESOURCES**

	<b>Enterprise Fund</b>	<b>Discrete Component Units</b>	<b>Total Reporting Entity</b>
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	\$ 1,326,550	\$ 690,918	\$ 2,017,468
Accounts Receivable, Net	17,586	10,683	28,269
Investments	450,000	-	450,000
Prepaid Costs	26,932	129,163	156,095
Total Current Assets	<u>1,821,068</u>	<u>830,764</u>	<u>2,651,832</u>
<b><u>Restricted Assets</u></b>			
Cash and Cash Equivalents	53,212	1,413,681	1,466,893
Total Restricted Assets	<u>53,212</u>	<u>1,413,681</u>	<u>1,466,893</u>
<b><u>Capital Assets</u></b>			
Land	-	841,684	841,684
Buildings and Improvements	432,455	38,783,682	39,216,137
Furniture and Equipment	293,751	4,718,045	5,011,796
	726,206	44,343,411	45,069,617
(Less): Accumulated Depreciation	<u>(475,100)</u>	<u>(2,043,724)</u>	<u>(2,518,824)</u>
Net Capital Assets	<u>251,106</u>	<u>42,299,687</u>	<u>42,550,793</u>
<b><u>Other Assets</u></b>			
Notes Receivable	10,619,000	-	10,619,000
Amortizable Fees, Net	-	280,603	280,603
Total Other Assets	<u>10,619,000</u>	<u>280,603</u>	<u>10,899,603</u>
Total Assets	<u>12,744,386</u>	<u>44,824,735</u>	<u>57,569,121</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,744,386</u>	<u>\$ 44,824,735</u>	<u>\$ 57,569,121</u>

See the accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF BOGALUSA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

**LIABILITIES, DEFERRED INFLOWS OF**  
**RESOURCES AND NET POSITION**

	<b>Enterprise Fund</b>	<b>Discrete Component Units</b>	<b>Total Reporting Entity</b>
<b><u>Current Liabilities</u></b>			
Accounts Payable	\$ 19,765	\$ 216,176	\$ 235,941
Accrued Compensated Absences	15,673	-	15,673
Accrued Interest Payable	-	45,017	45,017
Tenant Security Deposits	-	62,728	62,728
Unearned Revenue	-	4,318	4,318
Current Portion of Capital Debt	-	8,346,038	8,346,038
<b>Total Current Liabilities</b>	<b>35,438</b>	<b>8,674,277</b>	<b>8,709,715</b>
<b><u>Long Term Liabilities</u></b>			
Long Term Capital Debt	-	26,073,863	26,073,863
Accrued Interest Payable	-	2,671,082	2,671,082
Accrued Compensated Absences	8,522	-	8,522
<b>Total Long Term Liabilities</b>	<b>8,522</b>	<b>28,744,945</b>	<b>28,753,467</b>
<b>Total Liabilities</b>	<b>43,960</b>	<b>37,419,222</b>	<b>37,463,182</b>
<b>Deferred Inflows of Resources - Leases</b>	<b>439,716</b>	<b>-</b>	<b>439,716</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>483,676</b>	<b>37,419,222</b>	<b>37,902,898</b>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	251,106	7,879,786	8,130,892
Restricted Net Position	53,212	1,413,681	1,466,893
Unrestricted Net Position	11,956,392	(1,887,954)	10,068,438
<b>Total Net Position</b>	<b>12,260,710</b>	<b>7,405,513</b>	<b>19,666,223</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 12,744,386</b>	<b>\$ 44,824,735</b>	<b>\$ 57,569,121</b>

See the accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF BOGALUSA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Enterprise Fund</b>	<b>Discrete Component Units</b>	<b>Total Reporting Entity</b>
<b><u>Operating Revenues</u></b>			
Dwelling Rent	\$ -	\$ 2,596,027	\$ 2,596,027
Operating Grants	3,201,848	-	3,201,848
Other Revenue	408,768	185,373	594,141
Total Operating Revenues	<u>3,610,616</u>	<u>2,781,400</u>	<u>6,392,016</u>
<b><u>Operating Expenses</u></b>			
Administrative	368,463	657,116	1,025,579
Tenant Services	-	4,750	4,750
Utilities	7,492	150,799	158,291
Maintenance	8,641	469,795	478,436
General Expense	33,945	305,342	339,287
Housing Assistance Payments	2,929,143	-	2,929,143
Depreciation	22,865	1,231,949	1,254,814
Total Operating Expenses	<u>3,370,549</u>	<u>2,819,751</u>	<u>6,190,300</u>
Operating Income (Loss)	<u>240,067</u>	<u>(38,351)</u>	<u>201,716</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>			
Interest Income	1,552	3,247	4,799
Interest Expense	-	(1,924,972)	(1,924,972)
Financing Fees	-	(259,523)	(259,523)
Organizational Costs	-	(42,247)	(42,247)
Total Non-Operating Revenues (Expenses)	<u>1,552</u>	<u>(2,223,495)</u>	<u>(2,221,943)</u>
Increase (decrease) before Capital Contributions	<u>241,619</u>	<u>(2,261,846)</u>	<u>(2,020,227)</u>
Capital Contributions - Partners	<u>-</u>	<u>5,431,713</u>	<u>5,431,713</u>
Increase (Decrease) in Net Position	241,619	3,169,867	3,411,486
Net Position, Beginning	12,464,953	4,116,846	16,581,799
Prior Period Adjustment	-	118,800	118,800
Change in Accounting Principle	(445,862)	-	(445,862)
Net Position, Ending	<u>\$ 12,260,710</u>	<u>\$ 7,405,513</u>	<u>\$ 19,666,223</u>

See the accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF BOGALUSA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Enterprise Fund</b>	<b>Discrete Component Units</b>	<b>Total Reporting Entity</b>
<b><u>Cash flows from operating activities:</u></b>			
Cash Received from Dwelling Rent	\$ -	\$ 2,574,820	\$ 2,574,820
Cash Received from Operating Grants	3,122,493	-	3,122,493
Cash Received from Other Sources	187,291	197,782	385,073
Developer Fees Received from the Discrete Component Units	200,000	-	200,000
Cash Payments for Salaries and Benefits	(255,285)	(343,221)	(598,506)
Cash Payments to Vendors and Landlords	(824,520)	(1,264,174)	(2,088,694)
Rental Subsidies Paid to the Discrete Component Units	(2,286,401)	-	(2,286,401)
Net cash provided (used) by operating activities	<u>143,578</u>	<u>1,165,207</u>	<u>1,308,785</u>
<b><u>Cash flows from capital and related financing activities:</u></b>			
Capital Outlay	-	(6,461,837)	(6,461,837)
Proceeds from the Issuance of Capital Debt	-	1,634,850	1,634,850
Principal, Interest and Fees Paid on Capital Debt	-	(12,452,250)	(12,452,250)
Contributions from Partners	-	5,431,713	5,431,713
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(11,847,524)</u>	<u>(11,847,524)</u>
<b><u>Cash flows from investing activities:</u></b>			
Interest Earned from Cash and Equivalents	1,552	3,247	4,799
Transfer (to)/ from Investments	(450,000)	7,034,012	6,584,012
Organizational Costs	-	(42,247)	(42,247)
Net cash provided (used) by investing activities	<u>(448,448)</u>	<u>6,995,012</u>	<u>6,546,564</u>
Net decrease in cash and cash equivalents	(304,870)	(3,687,305)	(3,992,175)
Total Cash and Restricted Cash, Beginning of Year	<u>1,684,632</u>	<u>5,791,904</u>	<u>7,476,536</u>
Total Cash and Restricted Cash, End of Year	<u>\$ 1,379,762</u>	<u>\$ 2,104,599</u>	<u>\$ 3,484,361</u>

*Continued on next page*

**HOUSING AUTHORITY OF THE CITY OF BOGALUSA  
STATEMENT OF CASH FLOWS - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Enterprise Fund</b>	<b>Discrete Component Units</b>	<b>Total Reporting Entity</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u></b>			
Operating Income (Loss)	\$ 240,067	\$ (38,351)	\$ 201,716
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and Amortization	22,865	1,247,543	1,270,408
Bad Debt Expense (Tenants)	-	23,829	23,829
Change in Accounts Receivable (Tenants)	-	(17,853)	(17,853)
Change in Accounts Receivable (Other)	(15,331)	(554)	(15,885)
Change in Prepaid Costs	(7,925)	(85,262)	(93,187)
Change in Accounts Payable - Operating	(2,426)	26,246	23,820
Change in Accrued Personnel Expenses	(8,171)	-	(8,171)
Change in Unearned Revenue (Tenants)	-	(3,354)	(3,354)
Change in Unearned Revenue (Grants)	(79,355)	-	(79,355)
Change in Deferred Land Lease Revenue	(6,146)	-	(6,146)
Change in Tenant Security Deposits	-	12,963	12,963
Net cash provided (used) by operating activities	<u>\$ 143,578</u>	<u>\$ 1,165,207</u>	<u>\$ 1,308,785</u>

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

BOGALUSA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138 and GASB Statement 63.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "Enterprise Fund" in the basic financial statements as follows:

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded when are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements as well as applicable pronouncements issued by the Financial Accounting Standards Board.

Cash and Investments

The Housing Authority considers cash in checking accounts to be cash equivalents. Investments consisted of certificates of deposit.

Prepaid Costs

Prepaid costs consisted of insurance payments applicable to fiscal year 2023.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Capital Assets

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value equipment items are expensed. Depreciation on assets has been expensed in the Statement of Revenues, Expenses and Changes in Net Position. Estimated useful lives are as follows:

Buildings and Improvements	15 - 33 years
Furniture and Equipment	3 - 7 years

Authority management has assessed the carrying values of capital asset balances as of September 30, 2022, and as of March 16, 2023. No significant capital asset value impairments exist as of the noted dates.

Estimated useful lives of discretely presented component units' (see Note B below) capital assets are as follows:

Buildings and Improvements	20 - 40 years
Furniture and Equipment	10 years

The Partnerships' management has assessed the carrying values of capital asset balances as of December 31, 2021, and as of March 16, 2023. No significant capital asset value impairments exist as of the noted dates.

#### Amortizable Fees

Amortizable fees consist of prepaid permanent loan fees of \$108,457 and tax credit fees of \$56,729, reported net of accumulated amortization of \$6,618. Prepaid permanent loan fees will be amortized over the lives of the applicable permanent loans once converted from construction loans. Tax credit fees are amortized over a 10-year period using the straight-line method.

#### Accounts Payable

The Authority's accounts payable balance consisted of \$19,765 of amounts due to vendors and service providers. The discretely presented component units' accounts payable balance consisted of \$105,402 due to vendors and service providers, \$22,187 due to contractors for construction costs payable, and \$88,587 due to the Authority for administrative fees.

#### Unearned Revenue

The discretely presented component units recognize revenues as earned. Funds received before the component units are eligible to apply them are recorded as a liability under unearned revenue. As of December 31, 2021, unearned revenue consisted of prepaid dwelling rent.

#### Debt Issuance Costs

Debt issuance costs on incurred permanent loans are reported as a direct reduction of the applicable permanent loan obligations and are amortized over the lives of the loans. Amortization of debt issuance costs is reported as a component of interest expense.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Deferred Outflows and Inflows of Resources

A Deferred Outflow of Resources is a consumption of assets by the Authority that is applicable to a future reporting period. Conversely, a Deferred Inflow of Resources is an acquisition of assets by the Authority that is applicable to a future reporting period. The Authority did not have any deferred outflows as of September 30, 2022. Deferred inflows consisted of deferred land lease rental revenue. See Note K for additional details regarding deferred inflows of resources.

#### Revenue Accounting Policies

Dwelling rent income, HUD grants recognized for operations, and other miscellaneous operating income are reported as operating revenue. All other revenue is reported as non-operating revenue.

These financial statements do not contain material inter-program revenues and expenses for internal activity within the Enterprise Fund or within the Discretely Presented Component Units. The policy is to eliminate any material inter-program revenues and expenses for these financial statements.

#### Cost Allocation

The Authority allocates indirect costs to programs on the basis of one or more of the following methods: direct salaries and wages, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed, or the allotment stipulated in contractual agreements.

#### Income Taxes (Discretely Presented Component Units/ Partnerships – see Note B below)

All items of taxable income are passed through to and are reported by its individual partners on their respective income tax returns. The Partnerships are required to file and do file tax returns with the Internal Revenue Service. These financial statements do not reflect a provision for income taxes and the Partnerships have no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnerships are subject to examination by the Internal Revenue Service for a period of three years. The Partnerships were formed during 2017. As of the date of this Report, the Partnerships are subject to tax examinations for tax years 2020 through 2022.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the City of Bogalusa. The Authority is governed by a five-member Board of Commissioners appointed by the City. However, the Housing Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in *Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards, Statement No. 14 (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity; Statement No. 39: Determining Whether Certain Organizations are Component Units; and Statement No. 61: The Financial Reporting Entity Omnibus*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following component units. There are no other component units.

#### Blended Component Unit

**Magic City Housing and Development Corporation** (the Corporation/ a *Blended Component Unit*) is a related not-for-profit Louisiana corporation, which was created to assist the Authority and its affiliates in developing low-moderate income housing in and near the Bogalusa community. The Corporation's Board of Directors consists of the Board of Commissioners of the Authority. The Corporation's fiscal year end is September 30 and its financial balances as of and for the fiscal year ended September 30, 2022 have been consolidated into the Authority's financial statements. The consolidated financial balances and activity are also reported in the '6.2 Component Unit – Blended' column of the attached supplemental Financial Data Schedule. The Corporation does not issue separate, stand-alone financial statements.

#### Discretely Presented Component Units (the Partnerships)

**Pine Trace Homes RAD I, LP** (PTHRI, LP/ a *Discrete Component Unit*) is a limited partnership formed in 2017 to acquire, own and operate a 92-unit rental property in Bogalusa known as Pine Trace Homes RAD I Apartments. The project was developed and operates under the low-income housing tax credit program. PTHRI, LP's year end is December 31 and a copy of its financial statements as of December 31, 2021, and for the year then ended can be obtained by contacting the Authority at PO Box 1113 Bogalusa, Louisiana 70427. Due to its fiscal dependence on the Authority and the existence of a financial benefit or burden relationship, the PTHRI, LP's financial balances as of December 31, 2021, and transactions for the period then ended are reported discretely with the financial statements of the Authority.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE B - REPORTING ENTITY DEFINITION - Continued

#### Discretely Presented Component Units (the Partnerships) - Continued

**Pine Trace Homes RAD II, LP** (PTHRII, LP/ a *Discrete Component Unit*) is a limited partnership formed in 2017 to acquire, own and operate a 140-unit rental property in Bogalusa known as Pine Trace Homes RAD II Apartments. The project was developed and operates under the low-income housing tax credit program. PTHRII, LP's year end is December 31 and a copy of its financial statements as of December 31, 2021, and for the year then ended can be obtained by contacting the Authority at PO Box 1113 Bogalusa, Louisiana 70427. Due to its fiscal dependence on the Authority and the existence of a financial benefit or burden relationship, the PTHRII, LP's financial balances as of December 31, 2021, and transactions for the period then ended are reported discretely with the financial statements of the Authority.

**Cypress Pointe RAD, LP** (CPR, LP/ a *Discrete Component Unit*) is a limited partnership formed in 2017 to acquire, own and operate a 112-unit rental property in Bogalusa known as Cypress Pointe RAD Apartments. The project was developed and operates under the low-income housing tax credit program. CPR, LP's year end is December 31 and a copy of its financial statements as of December 31, 2021, and for the year then ended can be obtained by contacting the Authority at PO Box 1113 Bogalusa, Louisiana 70427. Due to its fiscal dependence on the Authority and the existence of a financial benefit or burden relationship, the CPR, LP's financial balances as of December 31, 2021, and transactions for the period then ended are reported discretely with the financial statements of the Authority.

### NOTE C - CASH AND INVESTMENT DEPOSITS

*Custodial Credit Risk* - The Housing Authority policy is to limit credit risk by adherence to the list of HUD-permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

*Interest Rate Risk* – The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other federally insured investments.

The Authority's cash and cash equivalents consisted of funds held in interest-bearing checking accounts totaling a reconciled balance of \$1,379,762. Investments consisted of two certificates of deposit yielding interest of .10% and .20%, totaling \$450,000.

The Authority's deposit balances with financial institutions totaled \$1,849,847 and were secured as follows:

	<b>Bank Deposits</b>
Insured by FDIC	\$ 1,312,485
Collateralized with specific securities in the Authority's name which are held by a third-party financial institution	399,709
Uncollateralized	137,653
	<b><u>\$ 1,849,847</u></b>

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE C - CASH DEPOSITS - Continued

The Authority's uncollateralized deposits consisted of non-federal funds held by Magic City Housing Development Corporation, the blended component unit. The Corporation maintains deposit balances with four commercial banks. These balances can exceed the FDIC insured deposit limit of \$250,000 per financial institution. As of September 30, 2022, the Corporation's deposit balances exceeded the FDIC limits by \$137,653. The Corporation has not experienced any losses through March 16, 2023, the date the financial statements were available to be issued.

The Partnerships' cash and cash equivalents consisted of funds held in checking accounts totaling a reconciled balance of \$2,104,599.

Cash and cash equivalents were insured up to \$250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2021, \$1,144,801 of the Partnerships' deposit balances were uninsured. The Partnerships have not experienced any losses through March 16, 2023.

### NOTE D – CONCENTRATION OF RISK

The Housing Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

### NOTE E - CONTRACTUAL COMMITMENTS

The Authority did not have any significant outstanding contractual commitments as of September 30, 2022. The Partnerships did not have any significant outstanding contractual commitments as of December 31, 2021.

### NOTE F – SIGNIFICANT ESTIMATES

These financial statements are prepared in accordance with generally accepted accounting principles. The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives, the realizable value of notes and interest receivable and earned sick leave to be utilized. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

### NOTE G – RISK MANAGEMENT

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance. The Housing Authority has not had any significant reductions in insurance coverage, or any claims not reimbursed.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE H – RESTRICTED ASSETS AND NET POSITION

The Authority's restricted assets and net position consisted of the following as of the end of the fiscal year:

Funds held for Housing Assistance Payments      \$      53,212

The Partnerships' restricted assets and net position consisted of the following as of the end of December 31, 2021:

	<u>PTH RAD I, LP</u>	<u>PTH RAD II, LP</u>	<u>CP RAD, LP</u>	<u>Total DCU's</u>
Replacement reserves	\$    86,289	\$    103,207	\$    285,619	\$    475,115
Operating reserves	327,535	491,904	1,050	820,489
Escrow deposits	<u>62,578</u>	<u>55,499</u>	<u>-</u>	<u>118,077</u>
<b>Total Restricted Assets</b>	<b><u>\$    476,402</u></b>	<b><u>\$    650,610</u></b>	<b><u>\$    286,669</u></b>	<b><u>\$    1,413,681</u></b>

NOTE I – CAPITAL ASSETS

A summary of the Authority's capital asset balances as of, and activity for the fiscal year ended September 30, 2022, is as follows:

	<u>October 1, 2021</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers and</u> <u>Deletions</u>	<u>September 30, 2022</u> <u>Balance</u>
Buildings and Improvements	\$    432,455	\$           -	\$           -	\$    432,455
Furniture and Equipment	<u>293,751</u>	<u>-</u>	<u>-</u>	<u>293,751</u>
Total Capital Assets	726,206	-	-	726,206
Less Accumulated Depreciation				
Buildings and Improvements	(198,037)	(19,853)	-	(217,890)
Furniture and Equipment	<u>(254,198)</u>	<u>(3,012)</u>	<u>-</u>	<u>(257,210)</u>
<b>Net Book Value</b>	<b><u>\$    273,971</u></b>	<b><u>\$    (22,865)</u></b>	<b><u>\$           -</u></b>	<b><u>\$    251,106</u></b>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE I – CAPITAL ASSETS - Continued

A summary of the Partnerships' capital asset balances as of December 31, 2021, is as follows:

	<u>PTH RAD I, LP</u>	<u>PTH RAD II, LP</u>	<u>CP RAD, LP</u>	<u>TOTAL</u>
Land	\$ 90,085	\$ 251,471	\$ 500,128	\$ 841,684
Buildings and Improvements	10,656,245	12,815,671	15,311,766	38,783,682
Furniture and Equipment	846,200	979,250	2,892,595	4,718,045
Less: Accumulated Depreciation	<u>(796,043)</u>	<u>(723,741)</u>	<u>(523,940)</u>	<u>(2,043,724)</u>
<b>Total Capital Assets</b>	<b><u>\$ 10,796,487</u></b>	<b><u>\$ 13,322,651</u></b>	<b><u>\$ 18,180,549</u></b>	<b><u>\$ 42,299,687</u></b>

A summary of the Partnerships' capital asset activity for the year ended December 31, 2021, is as follows:

	<u>January 1, 2021</u> <u>Balance (Restated)</u>	<u>Additions</u>	<u>Transfers and</u> <u>Deletions</u>	<u>December 31, 2021</u> <u>Balance</u>
Land	\$ 534,556	\$ 307,128	\$ -	\$ 841,684
Construction in Process (Restated)	<u>6,645,355</u>	<u>-</u>	<u>(6,645,355)</u>	<u>-</u>
Total Assets not being Depreciated	7,179,911	307,128	(6,645,355)	841,684
Buildings and Improvements	30,682,494	1,455,833	6,645,355	38,783,682
Furniture and Equipment	<u>2,045,708</u>	<u>2,672,337</u>	<u>-</u>	<u>4,718,045</u>
Total Capital Assets	39,908,113	4,435,298	-	44,343,411
Less Accumulated Depreciation	<u>(811,775)</u>	<u>(1,231,949)</u>	<u>-</u>	<u>(2,043,724)</u>
<b>Net Book Value</b>	<b><u>\$ 39,096,338</u></b>	<b><u>\$ 3,203,349</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 42,299,687</u></b>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE J – NOTE RECEIVABLE

A summary of the Authority’s notes receivable as of September 30, 2022, is as follows:

Due from Pine Trace RAD I, LP			
Credit Note dated October 2018, matures October 2060	\$	2,452,000	
Land Note dated October 2018, matures October 2060		73,000	
Cash Note dated October 2018, matures October 2060		1,300,000	
Accrued Interest, 6.50% compounded annually on principal and interest		1,077,054	
Allowance against Accrued Interest		(1,077,054)	3,825,000
<hr/>			
Due from Pine Trace RAD II, LP			
Credit Note dated November 2018, matures November 2060	\$	1,965,000	
Land Note dated November 2018, matures November 2060		195,000	
Cash Note dated November 2018, matures November 2060		1,500,000	
Accrued Interest, 7.75% compounded annually on principal and interest		1,200,362	
Allowance against Accrued Interest		(1,200,362)	3,660,000
<hr/>			
Due from Cypress Pointe RAD, LP			
Credit Note dated October 2019, matures October 2061	\$	2,100,000	
Cash Note dated October 2019, matures October 2061		1,034,000	
Accrued Interest, 6.50% compounded annually on principal and interest		789,255	
Allowance against Accrued Interest		(789,255)	3,134,000
<hr/>			
<b>Notes Receivable</b>			<b>\$ 10,619,000</b>
<hr/>			

Each of the above notes are secured with subordinate mortgages against the applicable dwelling properties.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE K – LAND LEASES

#### Pine Trace Homes RAD I, LP

On October 31, 2018, the Authority entered into a Ground Lease Agreement with Pine Trace Homes RAD I, LP, under which the Authority leased land to the Partnership for a term of 75 years and total rent of \$73,000. Upon execution of the lease, the Authority received consideration for the lease in the form of a promissory note in the amount of \$73,000. The promissory note is separate from and independent of the lease agreement, and therefore, management considers the total rent amount of \$73,000 stated in the lease agreement to have been satisfied upon the issuance and receipt of the promissory note. During fiscal year 2022, the Authority recognized rent revenue applicable to the lease of \$973 and has deferred recognition of \$69,188 of the rent as of September 30, 2022, which is reported as a deferred inflow of resources in the Statement of Net Position.

#### Pine Trace Homes RAD II, LP

On November 29, 2018, the Authority entered into a Ground Lease Agreement with Pine Trace Homes RAD II, LP, under which the Authority leased land to the Partnership for a term of 75 years and total rent of \$195,000. Upon execution of the lease, the Authority received consideration for the lease in the form of a promissory note in the amount of \$195,000. The promissory note is separate from and independent of the lease agreement, and therefore, management considers the total rent amount of \$195,000 stated in the lease agreement to have been satisfied upon the issuance and receipt of the promissory note. During fiscal year 2022, the Authority recognized rent revenue applicable to the lease of \$2,600 and has deferred recognition of \$185,033 of the rent as of September 30, 2022, which is reported as a deferred inflow of resources in the Statement of Net Position.

#### Cypress Pointe RAD, LP

On October 31, 2019, the Authority entered into a Ground Lease Agreement with Cypress Pointe RAD, LP, under which the Authority leased land to the Partnership for a term of 75 years and total rent of \$193,000. Upon execution of the lease, the Authority received consideration for the lease in the form of a prepayment of \$193,000. During fiscal year 2022, the Authority recognized rent revenue applicable to the lease of \$2,573 and has deferred recognition of \$185,495 of the rent as of September 30, 2022, which is reported as a deferred inflow of resources in the Statement of Net Position.

Upon the adoption of *Governmental Accounting Standards Board Statement No. 87 – Leases* as of the beginning of the Authority's fiscal year 2022, the Authority has deferred recognition of \$445,862 of the rent revenue applicable to the three land leases. The effect of the adoption of the Standard as of October 1, 2021, increased deferred inflows of resources by \$445,862 and reduced net position by \$445,862.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L – DEFINED CONTRIBUTION RETIREMENT PLAN

The Authority provides retirement benefits for all of its eligible full-time employees through a defined contribution plan, known as the Housing Agency Retirement Trust Plan, administered by Mercer. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes 6.5% of the eligible employees' base salaries, and employees are required to contribute 5% to the plan. Contributions and allocated investment earnings are fully vested after 5 years of continuous service. During 2022, the Authority made the required contributions in the amount of \$10,648, and there were no significant unpaid pension liabilities outstanding as of September 30, 2022.

NOTE M – ACCRUED COMPENSATED ABSENCES

It is the Housing Authority's policy to permit employees to accumulate a limited amount of earned annual leave. All regular full-time employees earn and accumulate annual leave based on years of service. Upon termination of employment, employees will be paid for unused leave up to a specified maximum. The Authority's leave liability accrual is divided and reported between current and non-current liabilities in the Statement of Net Position.

Because management cannot reasonably estimate the amount of earned sick leave which will be utilized, the Authority has not accrued all of its earned but unused sick leave in its Statement of Net Position. However, management does not anticipate that the amount of unaccrued earned sick leave as of fiscal year-end, that will be utilized in subsequent fiscal years will be significant to its financial statements.

A summary of the Authority's accrued compensated absences liability balance as of September 30, 2022, and activity for the fiscal year then ended is as follows:

	<b>October 1, 2021 Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>September 30, 2022 Balance</b>	<b>Due Within One Year</b>
Compensated Absences	\$ 30,513	\$ 20,344	\$ 26,662	\$ 24,195	\$ 15,673
Less: Current portion	(8,137)			(15,673)	
<b>Long Term Liabilities</b>	<b>\$ 22,376</b>	<b>\$ 20,344</b>	<b>\$ 26,662</b>	<b>\$ 8,522</b>	<b>\$ 15,673</b>

NOTE N – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – LONG-TERM LIABILITIES (Partnerships)

A summary of the Partnerships' notes and interest payable liabilities is as follows:

<b><u>Creditor and Description</u></b>	<b><u>Interest Rate</u></b>	<b><u>Payment Terms</u></b>	<b><u>Maturity</u></b>	<b><u>Principal Balance</u></b>	<b><u>Interest Payable</u></b>
Permanent Loan due to Bellweather Enterprise Real Estate Capital, LLC; dated October 2021; original principal amount of \$3,431,900; collateralized by first mortgage on the applicable property/apartment complex	5.13%	Monthly payments of \$16,845 through maturity	October 2058	\$ 3,254,374	\$ -
HOME Loan due the Louisiana Housing Corporation; dated October 2018; original principal amount of \$1,000,000; collateralized by third mortgage on the applicable property/apartment complex	5.10%	Annual payments from available Net Cash Flows	October 2060	1,000,000	94,830
Credit Note payable to HACB; dated October 2018; original principal amount of \$2,452,000; collateralized by subordinate mortgage on the applicable property/apartment complex	6.50%	Annual payments from available Net Cash Flows	October 2060	2,452,000	551,180
Land Note payable to HACB; dated October 2018; original principal amount of \$73,000; collateralized by subordinate mortgage on the applicable property/apartment complex	6.50%	Annual payments from available Net Cash Flows	October 2060	73,000	16,410
Cash Note payable to HACB; dated October 2018; original principal amount of \$1,300,000; collateralized by subordinate mortgage on the applicable property/apartment complex	6.50%	Annual payments from available Net Cash Flows	October 2060	1,300,000	292,225
Notes and Interest Payable - Pine Trace Homes RAD I, LP				<u>\$ 8,079,374</u>	<u>\$ 954,645</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – LONG-TERM LIABILITIES (Partnerships) – Continued

<u>Creditor and Description</u>	<u>Interest Rate</u>	<u>Payment Terms</u>	<u>Maturity</u>	<u>Principal Balance</u>	<u>Interest Payable</u>
Permanent Loan due to Bellweather Enterprise Real Estate Capital, LLC; dated May 2021; original principal amount of \$5,000,000; collateralized by first mortgage on the applicable property/apartment complex	5.18%	Monthly payments of \$24,709 through maturity	November 2058	\$ 4,778,978	\$ -
HOME Loan due the Louisiana Housing Corporation; dated November 2018; original principal amount of \$1,000,000; collateralized by third mortgage on the applicable property/apartment complex	5.10%	Annual payments from available Net Cash Flows	November 2060	1,000,000	110,626
Credit Note payable to HACB; dated November 2018; original principal amount of \$1,965,000; collateralized by subordinate mortgage on the applicable property/apartment complex	7.75%	Annual payments from available Net Cash Flows	November 2060	1,965,000	510,896
Land Note payable to HACB; dated November 2018; original principal amount of \$195,000; collateralized by subordinate mortgage on the applicable property/apartment complex	7.75%	Annual payments from available Net Cash Flows	November 2060	195,000	50,700
Cash Note payable to HACB; dated November 2018; original principal amount of \$1,500,000; collateralized by subordinate mortgage on the applicable property/apartment complex	7.75%	Annual payments from available Net Cash Flows	November 2060	1,500,000	389,997
Notes and Interest Payable - Pine Trace Homes RAD II, LP				\$ 9,438,978	\$ 1,062,219

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – LONG-TERM LIABILITIES (Partnerships) – Continued

<u>Creditor and Description</u>	<u>Interest Rate</u>	<u>Payment Terms</u>	<u>Maturity</u>	<u>Principal Balance</u>	<u>Interest Payable</u>
Credit Note payable to HACB; dated October 2019; original principal amount of \$2,100,000; collateralized by subordinate mortgage on the applicable property/apartment complex	8.00%	Annual payments from available Net Cash Flows	October 2061	2,100,000	388,812
Cash Note payable to HACB; dated October 2019; original principal amount of \$1,034,000; collateralized by subordinate mortgage on the applicable property/apartment complex	8.00%	Annual payments from available Net Cash Flows	October 2061	1,034,000	191,444
Construction Bonds Loan issued through the Louisiana Housing Corporation; dated October 2019; original principal amount of \$9,500,000; collateralized by the applicable property/apartment complex	5.50%	Interest only through maturity	May 2022	8,021,123	45,017
CDBG Loan payable to the LA Office of Community Development; dated October 2019; original principal amount of \$4,579,878; collateralized by the applicable property/apartment complex	0.00%	Interest only through maturity	May 2060	3,638,001	-
Notes and Interest Payable - Cypress Pointe RAD, LP				<u>\$ 14,793,124</u>	<u>\$ 625,273</u>
<b>Total DCU's Notes and Interest Payable</b>				<u><b>\$ 32,311,476</b></u>	<u><b>\$ 2,642,137</b></u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – LONG-TERM LIABILITIES (Partnerships) - Continued

Pine Trace Homes RAD I, LP - Permanent Loan from Bellweather Enterprise Real Estate Capital, LLC

As of December 31, 2021, Pine Trace Homes RAD I, LP's permanent loan had an outstanding principal balance of \$3,398,300 and is reported net of unamortized debt issuance costs of \$143,926. Future debt service obligations are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance Due</u>
2022	28,470	173,670	\$ 3,369,830
2023	29,966	172,174	3,339,864
2024	31,540	170,600	3,308,324
2025	33,196	168,944	3,275,128
2026	34,940	167,200	3,240,188
2027 - 2031	204,232	806,468	3,035,956
2032 - 2036	263,805	746,895	2,772,151
2037 - 2041	340,755	669,945	2,431,396
2042 - 2046	440,151	570,549	1,991,245
2047 - 2051	568,540	442,160	1,422,705
2052 - 2056	734,378	276,322	688,327
2057 - 2058	688,327	50,609	-
<b>Total Payments</b>	<b><u>\$ 3,398,300</u></b>	<b><u>\$ 4,415,536</u></b>	<b><u>\$ -</u></b>

Pine Trace Homes RAD II, LP - Permanent Loan from Bellweather Enterprise Real Estate Capital, LLC

As of December 31, 2021, Pine Trace Homes RAD II, LP's permanent loan had an outstanding principal balance of \$4,954,992 and is reported net of unamortized debt issuance costs of \$176,014. Future debt service obligations are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance Due</u>
2022	40,799	255,709	\$ 4,914,193
2023	42,963	253,545	4,871,230
2024	45,242	251,266	4,825,988
2025	47,642	248,866	4,778,346
2026	50,170	246,338	4,728,176
2027 - 2031	293,708	1,188,832	4,434,468
2032 - 2036	380,326	1,102,214	4,054,142
2037 - 2041	492,488	990,052	3,561,654
2042 - 2046	637,729	844,811	2,923,925
2047 - 2051	825,803	656,737	2,098,122
2052 - 2056	1,069,342	413,198	1,028,780
2057 - 2058	1,028,780	79,322	-
<b>Total Payments</b>	<b><u>\$ 4,954,992</u></b>	<b><u>\$ 6,530,890</u></b>	<b><u>\$ -</u></b>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – LONG-TERM LIABILITIES (Partnerships) - Continued

Projected future principal retirements of the other notes payable are as follows:

	<u>Principal</u>
2022	\$ 8,021,123
2060	13,123,001
2061	3,134,000
	<u><u>\$ 24,278,124</u></u>

A summary of the Partnerships' long-term liability balances as of December 31, 2021, and activity for the year then ended is as follows:

	<u>January 1,</u> <u>2021 Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31,</u> <u>2021 Balance</u>	<u>Due Within</u> <u>One Year</u>
Notes Payable	\$ 40,324,040	\$ 1,634,850	\$ 9,647,414	\$ 32,311,476	\$ 8,182,199
Developer Fees Payable	3,423,056	401,888	1,716,519	2,108,425	163,839
Accrued Interest Payable	1,670,444	2,133,972	1,088,317	2,716,099	45,017
Less: Current portion	<u>(20,229,970)</u>			<u>(8,391,055)</u>	
<b>Long Term Liabilities</b>	<u><u>\$ 25,187,570</u></u>			<u><u>\$ 28,744,945</u></u>	<u><u>\$ 8,391,055</u></u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P – BLENDED COMPONENT UNIT – CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position**

	<b>MCHDC 9/30/2022</b>
Assets	
Current assets	\$ 1,341,108
Notes receivable	10,619,000
<b>Total assets</b>	<b>11,960,108</b>
Deferred Inflows of Resources	
Deferred Inflows of Resources - Leases	439,716
<b>Total Deferred Inflows of Resources</b>	<b>439,716</b>
Net position	
Unrestricted net position	11,520,392
<b>Total net position</b>	<b>\$ 11,520,392</b>

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	<b>MCHDC FY Ended 9/30/2022</b>
Revenues	
Operating revenues	\$ 325,700
Interest income	405
<b>Total revenues</b>	<b>326,105</b>
Expenses	
Administrative and general	68,676
Maintenance and Utilities	15,796
<b>Total expenses</b>	<b>84,472</b>
<b>Increase of net position</b>	<b>241,633</b>
Beginning net position	11,724,621
Change in Accounting Principle	(445,862)
<b>Ending net position</b>	<b>\$ 11,520,392</b>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P – BLENDED COMPONENT UNIT – CONDENSED FINANCIAL STATEMENTS - Continued

**Condensed Statement of Cash Flows**

	<b>MCHDC FY Ended 9/30/2022</b>
From all operating activities	\$ 234,734
Used by all investing activities	<u>(450,000)</u>
<b>Decrease in cash and cash equivalents</b>	<b>(215,266)</b>
Beginning cash and cash equivalents	<u>1,106,182</u>
<b>Ending cash and cash equivalents</b>	<b><u>\$ 890,916</u></b>

NOTE Q – DISCRETE COMPONENT UNITS – CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position**

	<b>PTH RAD I, LP 12/31/2021</b>	<b>PTH RAD II, LP 12/31/2021</b>	<b>CP RAD, LP 12/31/2021</b>	<b>Total DCU's 12/31/2021</b>
<b>Assets</b>				
Current and restricted assets	\$ 658,291	\$ 1,094,647	\$ 491,507	\$ 2,244,445
Capital assets	10,796,487	13,322,651	18,180,549	42,299,687
Other assets	23,992	98,043	158,568	280,603
<b>Total assets</b>	<b><u>11,478,770</u></b>	<b><u>14,515,341</u></b>	<b><u>18,830,624</u></b>	<b><u>44,824,735</u></b>
<b>Liabilities</b>				
Current liabilities	304,970	132,720	8,148,000	8,585,690
Current liabilities due to the Authority	50,254	17,500	20,833	88,587
Non-current liabilities	4,228,926	6,415,022	5,090,333	15,734,281
Non-current liabilities due to the Authority	4,684,815	4,611,593	3,714,256	13,010,664
<b>Total liabilities</b>	<b><u>9,268,965</u></b>	<b><u>11,176,835</u></b>	<b><u>16,973,422</u></b>	<b><u>37,419,222</u></b>
<b>Net position</b>				
Net investment in capital assets	2,587,192	3,391,419	1,901,175	7,879,786
Restricted net position	476,402	650,610	286,669	1,413,681
Unrestricted net position	(853,789)	(703,523)	(330,642)	(1,887,954)
<b>Total net position</b>	<b><u>\$ 2,209,805</u></b>	<b><u>\$ 3,338,506</u></b>	<b><u>\$ 1,857,202</u></b>	<b><u>\$ 7,405,513</u></b>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE Q – DISCRETE COMPONENT UNITS – CONDENSED FINANCIAL STATEMENTS - Continued

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	PTH RAD I, LP FY Ended 12/31/2021	PTH RAD II, LP FY Ended 12/31/2021	CP RAD, LP FY Ended 12/31/2021	Total DCU's FY Ended 12/31/2021
Revenues				
Operating revenue	\$ 731,411	\$ 1,155,396	\$ 894,593	\$ 2,781,400
Investment income	778	1,579	890	3,247
<b>Total revenues</b>	<b>732,189</b>	<b>1,156,975</b>	<b>895,483</b>	<b>2,784,647</b>
Expenses				
Administrative and Operating expenses	398,541	606,733	538,941	1,544,215
Operating expenses to the Authority	20,254	2,500	20,833	43,587
Interest Expense	224,475	444,768	428,286	1,097,529
Interest Expense to the Authority	289,652	331,692	206,099	827,443
Financing Fees	30,029	229,494	-	259,523
Depreciation	362,347	438,772	430,830	1,231,949
Other expenses	-	-	42,247	42,247
<b>Total expenses</b>	<b>1,325,298</b>	<b>2,053,959</b>	<b>1,667,236</b>	<b>5,046,493</b>
<b>Increase of net position</b>	<b>(593,109)</b>	<b>(896,984)</b>	<b>(771,753)</b>	<b>(2,261,846)</b>
Beginning net position	2,198,226	323,263	1,595,357	4,116,846
Prior Period Adjustment	-	-	118,800	118,800
Contributions	604,688	3,912,227	914,798	5,431,713
<b>Ending net position</b>	<b>\$ 2,209,805</b>	<b>\$ 3,338,506</b>	<b>\$ 1,857,202</b>	<b>\$ 7,405,513</b>

**Condensed Statement of Cash Flows**

	PTH RAD I, LP FY Ended 12/31/2021	PTH RAD II, LP FY Ended 12/31/2021	CP RAD, LP FY Ended 12/31/2021	Total DCU's FY Ended 12/31/2021
From (used by) all operating activities	\$ 295,221	\$ 526,372	\$ 343,614	\$ 1,165,207
From (used by) all capital activities	(426,134)	(7,686,061)	(3,735,329)	(11,847,524)
From (used by) all investing activities	778	7,035,591	(41,357)	6,995,012
<b>Net increase (decrease) of cash and restricted cash</b>	<b>(130,135)</b>	<b>(124,098)</b>	<b>(3,433,072)</b>	<b>(3,687,305)</b>
Beginning cash and restricted cash	747,498	1,171,819	3,872,587	5,791,904
<b>Ending cash and restricted cash</b>	<b>\$ 617,363</b>	<b>\$ 1,047,721</b>	<b>\$ 439,515</b>	<b>\$ 2,104,599</b>

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE R – DIFFERENT REPORTING STANDARDS

The financial statements of the Discrete Component Units were not prepared in accordance with *Generally Accepted Governmental Accounting Standards* (GAGAS). However, in these financial statements items have been presented in the same categories as the Housing Authority's Enterprise Fund.

If the financial statements of the Discrete Component Units were prepared in accordance with GAGAS, they would have adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement amends or supersedes the accounting and financial reporting guidance for certain items previously reported as assets or liabilities, including debt issuance costs. Under GASBS No. 65, debt issuance costs are to be reported as an expense as incurred, rather than reported as a direct reduction of the applicable debt.

With financial statement preparation in accordance with GAGAS, including the adoption of GASBS No. 65, the Discrete Component Units' liabilities would have been \$319,940 more than (and net position less than) what is currently being reported in these financial statements. Additionally, the expenses reported in the Statement of Revenues, Expenses and Changes in Net Position would have been \$319,940 more than what is currently being reported in these financial statements.

### NOTE S – RELATED PARTY TRANSACTIONS

During fiscal year 2022, the Authority provided rental assistance funding to the Partnerships in the amount of \$2,286,401 reported as housing assistance payments expense in the Statement of Revenues, Expenses and Changes in Net Position.

### NOTE T – PRIOR PERIOD ADJUSTMENT

#### Discrete Component Unit – Cypress Pointe RAD, LP

The Partnership has restated its beginning capital assets and net position balances to reflect \$118,800 of construction in process expenditures expensed in error during 2020. A summary of the Discrete Component Units' beginning balance restatements is as follows:

#### **Beginning Balance Restatement:**

Construction in Process - Increase/(Decrease)	\$ 118,800
<b>Increase to Beginning Net Position</b>	<b><u>\$ 118,800</u></b>

### NOTE U – SUBSEQUENT EVENTS

In preparing the financial statements, management evaluated subsequent events through March 16, 2023, the date the financial statements were available to be issued. Management has determined that no significant subsequent events have occurred which require disclosure in the financial statements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA  
BOGALUSA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2022

**EXPENDITURES**

Section 8 Housing Choice Voucher Program	
Total Assistance Listing No. 14.871	<u>\$ 3,108,998</u>
Emergency Housing Voucher Program	
Total Assistance Listing No. 14.EHV	<u>27,590</u>
Housing Choice Voucher CARES Act Funding	
Total Assistance Listing No. 14.HCC	<u>65,260</u>
TOTAL HUD EXPENDITURES	<u>3,201,848</u>
<b>TOTAL FEDERAL EXPENDITURES</b>	<b><u><u>\$ 3,201,848</u></u></b>

**NOTE 1 – BASIS OF PRESENTATION**

The above Schedule of Expenditures of Federal Awards includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2022. The information on this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial net position, changes in net position, or cash flows of the Authority.

**NOTE 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 allowed or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

The Authority has elected not to use the 10% *De Minimus Indirect Cost Rate* allowed under the Uniform Guidance.

Housing Authority of the City of Bogalusa (LA024)  
BOGALUSA, LA

**Entity Wide Balance Sheet Summary**

Fiscal Year

End: 09/30/2022

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
111 Cash - Unrestricted	\$ -	\$ 890,916	\$ 401,670	\$ -	\$ 33,964	\$ 1,326,550	\$ 628,190	1,954,740
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	53,212	-	-	53,212	1,413,681	1,466,893
114 Cash - Tenant Security Deposits	-	-	-	-	-	-	62,728	62,728
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
<b>100 Total Cash</b>	<b>\$ -</b>	<b>\$ 890,916</b>	<b>\$ 454,882</b>	<b>\$ -</b>	<b>\$ 33,964</b>	<b>\$ 1,379,762</b>	<b>\$ 2,104,599</b>	<b>\$ 3,484,361</b>
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	17,586	-	-	17,586	7,751	25,337
126 Accounts Receivable - Tenants	-	-	-	-	-	-	2,932	2,932
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	18,210	-	-	18,210	-	18,210
128.1 Allowance for Doubtful Accounts - Fraud	-	-	(18,210)	-	-	(18,210)	-	(18,210)
129 Accrued Interest Receivable	-	-	-	-	-	-	-	-
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,586</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,586</b>	<b>\$ 10,683</b>	<b>\$ 28,269</b>
131 Investments - Unrestricted	-	450,000	-	-	-	450,000	-	450,000
132 Investments - Restricted	-	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	192	26,740	-	-	26,932	129,163	156,095
143 Inventories	-	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-
<b>150 Total Current Assets</b>	<b>\$ -</b>	<b>\$ 1,341,108</b>	<b>\$ 499,208</b>	<b>\$ -</b>	<b>\$ 33,964</b>	<b>\$ 1,874,280</b>	<b>\$ 2,244,445</b>	<b>\$ 4,118,725</b>
161 Land	-	-	-	-	-	-	841,684	841,684
162 Buildings	-	-	432,455	-	-	432,455	38,783,682	39,216,137
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	4,718,045	4,718,045

Housing Authority of the City of Bogalusa (LA024)  
BOGALUSA, LA

**Entity Wide Balance Sheet Summary**

Fiscal Year

End: 09/30/2022

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
164 Furniture, Equipment & Machinery - Administration	-	-	293,751	-	-	293,751	-	293,751
165 Leasehold Improvements	-	-	-	-	-	-	-	-
166 Accumulated Depreciation	-	-	(475,100)	-	-	(475,100)	(2,043,724)	(2,518,824)
167 Construction in Progress	-	-	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-	-
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 251,106</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 251,106</b>	<b>\$ 42,299,687</b>	<b>\$ 42,550,793</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	-	10,619,000	-	-	-	10,619,000	-	10,619,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	280,603	280,603
176 Investments in Joint Ventures	-	-	-	-	-	-	-	-
<b>180 Total Non-Current Assets</b>	<b>\$ -</b>	<b>\$ 10,619,000</b>	<b>\$ 251,106</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,870,106</b>	<b>\$ 42,580,290</b>	<b>\$ 53,450,396</b>
<b>200 Deferred Outflow of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>\$ -</b>	<b>\$ 11,960,108</b>	<b>\$ 750,314</b>	<b>\$ -</b>	<b>\$ 33,964</b>	<b>\$ 12,744,386</b>	<b>\$ 44,824,735</b>	<b>\$ 57,569,121</b>
311 Bank Overdraft	-	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	-	-	-	-	-	216,176	216,176
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	-	-	15,673	-	-	15,673	-	15,673
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	45,017	45,017
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	-	-	62,728	62,728
342 Unearned Revenue	-	-	-	-	-	-	4,318	4,318
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	8,346,038	8,346,038
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-

Housing Authority of the City of Bogalusa (LA024)  
BOGALUSA, LA

**Entity Wide Balance Sheet Summary**

Fiscal Year

End: 09/30/2022

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
345 Other Current Liabilities	-	-	19,765	-	-	19,765	-	19,765
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-
<b>310 Total Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,438</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,438</b>	<b>\$ 8,674,277</b>	<b>\$ 8,709,715</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	26,073,863	26,073,863
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	2,671,082	2,671,082
354 Accrued Compensated Absences - Non Current	-	-	8,522	-	-	8,522	-	8,522
355 Loan Liability - Non Current	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-
<b>350 Total Non-Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,522</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,522</b>	<b>\$ 28,744,945</b>	<b>\$ 28,753,467</b>
<b>300 Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,960</b>	<b>\$ 37,419,222</b>	<b>\$ 37,463,182</b>
<b>400 Deferred Inflow of Resources</b>	<b>\$ -</b>	<b>\$ 439,716</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 439,716</b>	<b>\$ -</b>	<b>\$ 439,716</b>
508.4 Net Investment in Capital Assets	-	-	251,106	-	-	251,106	7,879,786	8,130,892
511.4 Restricted Net Position	-	-	53,212	-	-	53,212	1,413,681	1,466,893
512.4 Unrestricted Net Position	-	11,520,392	402,036	-	33,964	11,956,392	(1,887,954)	10,068,438
<b>513 Total Equity - Net Assets / Position</b>	<b>\$ -</b>	<b>\$ 11,520,392</b>	<b>\$ 706,354</b>	<b>\$ -</b>	<b>\$ 33,964</b>	<b>\$ 12,260,710</b>	<b>\$ 7,405,513</b>	<b>\$ 19,666,223</b>
<b>600 Total Liabilities, Deferred Inflows of Resources and Equity - Net</b>	<b>\$ -</b>	<b>\$ 11,960,108</b>	<b>\$ 750,314</b>	<b>\$ -</b>	<b>\$ 33,964</b>	<b>\$ 12,744,386</b>	<b>\$ 44,824,735</b>	<b>\$ 57,569,121</b>

Housing Authority of the City of Bogalusa (LA024)  
BOGALUSA, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 09/30/2022

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,504,742	2,504,742
70400 Tenant Revenue - Other	-	-	-	-	-	-	91,285	91,285
<b>70500 Total Tenant Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,596,027</b>	<b>\$ 2,596,027</b>
70600 HUD PHA Operating Grants	-	-	3,108,998	65,260	27,590	3,201,848	-	3,201,848
70610 Capital Grants	-	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-
<b>70700 Total Fee Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,108,998</b>	<b>\$ 65,260</b>	<b>\$ 27,590</b>	<b>\$ 3,201,848</b>	<b>\$ -</b>	<b>\$ 3,201,848</b>
70800 Other Government Grants	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	-	405	1,147	-	-	1,552	3,247	4,799
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-	-
71500 Other Revenue	-	325,700	83,068	-	-	408,768	185,373	594,141
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-	-
<b>70000 Total Revenue</b>	<b>\$ -</b>	<b>\$ 326,105</b>	<b>\$ 3,193,213</b>	<b>\$ 65,260</b>	<b>\$ 27,590</b>	<b>\$ 3,612,168</b>	<b>\$ 2,784,647</b>	<b>\$ 6,396,815</b>
91100 Administrative Salaries	-	-	111,283	53,775	-	165,058	151,987	317,045
91200 Auditing Fees	-	51,300	-	-	-	51,300	-	51,300
91300 Management Fee	-	-	-	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-	-	-
91400 Advertising and Marketing	-	-	-	-	-	-	3,012	3,012
91500 Employee Benefit contributions - Administrative	-	-	69,943	2,181	-	72,124	23,423	95,547
91600 Office Expenses	-	6,977	41,668	9,304	-	57,949	202,151	260,100
91700 Legal Expense	-	5,250	-	-	-	5,250	14,372	19,622
91800 Travel	-	1,842	4,370	-	-	6,212	19,184	25,396
91810 Allocated Overhead	-	-	-	-	-	-	-	-

Housing Authority of the City of Bogalusa (LA024)  
BOGALUSA, LA

**Entity Wide Revenue and Expense Summary**

Fiscal Year

End: 09/30/2022

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
91900 Other	-	2,163	7,563	-	844	10,570	242,987	253,557
<b>91000 Total Operating - Administrative</b>	<b>\$ -</b>	<b>\$ 67,532</b>	<b>\$ 234,827</b>	<b>\$ 65,260</b>	<b>\$ 844</b>	<b>\$ 368,463</b>	<b>\$ 657,116</b>	<b>\$ 1,025,579</b>
<b>92000 Asset Management Fee</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
92100 Tenant Services - Salaries	-	-	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-	4,750	4,750
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-
92400 Tenant Services - Other	-	-	-	-	-	-	-	-
<b>92500 Total Tenant Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,750</b>	<b>\$ 4,750</b>
93100 Water	-	190	16	-	100	306	68,534	68,840
93200 Electricity	-	6,462	-	-	192	6,654	20,848	27,502
93300 Gas	-	178	-	-	-	178	1,972	2,150
93400 Fuel	-	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-	-
93600 Sewer	-	325	29	-	-	354	59,445	59,799
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-	-
<b>93000 Total Utilities</b>	<b>\$ -</b>	<b>\$ 7,155</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ 292</b>	<b>\$ 7,492</b>	<b>\$ 150,799</b>	<b>\$ 158,291</b>
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	145,430	145,430
94200 Ordinary Maintenance and Operations - Materials and Other	-	38	-	-	-	38	60,997	61,035
94300 Ordinary Maintenance and Operations Contracts	-	8,603	-	-	-	8,603	240,987	249,590
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	22,381	22,381
<b>94000 Total Maintenance</b>	<b>\$ -</b>	<b>\$ 8,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,641</b>	<b>\$ 469,795</b>	<b>\$ 478,436</b>
95100 Protective Services - Labor	-	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-
<b>95000 Total Protective Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
96110 Property Insurance	-	-	2,267	-	-	2,267	230,312	232,579

Housing Authority of the City of Bogalusa (LA024)  
BOGALUSA, LA

**Entity Wide Revenue and Expense Summary**

Fiscal Year

End: 09/30/2022

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
96120 Liability Insurance	-	961	6,917	-	-	7,878	-	7,878
96130 Workmen's Compensation	-	-	4,175	-	-	4,175	3,635	7,810
96140 All Other Insurance	-	183	8,302	-	-	8,485	10,874	19,359
<b>96100 Total insurance Premiums</b>	<b>\$ -</b>	<b>\$ 1,144</b>	<b>\$ 21,661</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,805</b>	<b>\$ 244,821</b>	<b>\$ 267,626</b>
96200 Other General Expenses	-	-	701	-	507	1,208	317,364	318,572
96210 Compensated Absences	-	-	9,932	-	-	9,932	-	9,932
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	21,098	21,098
96400 Bad debt - Tenant Rents	-	-	-	-	-	-	23,829	23,829
96500 Bad debt - Mortgages	-	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-	-
<b>96000 Total Other General Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,633</b>	<b>\$ -</b>	<b>\$ 507</b>	<b>\$ 11,140</b>	<b>\$ 362,291</b>	<b>\$ 373,431</b>
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	428,286	428,286
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	1,496,686	1,496,686
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,924,972</b>	<b>\$ 1,924,972</b>
<b>96900 Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ 84,472</b>	<b>\$ 267,166</b>	<b>\$ 65,260</b>	<b>\$ 1,643</b>	<b>\$ 418,541</b>	<b>\$ 3,814,544</b>	<b>\$ 4,233,085</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>\$ -</b>	<b>\$ 241,633</b>	<b>\$ 2,926,047</b>	<b>\$ -</b>	<b>\$ 25,947</b>	<b>\$ 3,193,627</b>	<b>\$ (1,029,897)</b>	<b>\$ 2,163,730</b>
97100 Extraordinary Maintenance	-	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	2,819,002	-	59,840	2,878,842	-	2,878,842
97350 HAP Portability-In	-	-	50,301	-	-	50,301	-	50,301
97400 Depreciation Expense	-	-	22,865	-	-	22,865	1,231,949	1,254,814
97500 Fraud Losses	-	-	-	-	-	-	-	-
<b>90000 Total Expenses</b>	<b>\$ -</b>	<b>\$ 84,472</b>	<b>\$ 3,159,334</b>	<b>\$ 65,260</b>	<b>\$ 61,483</b>	<b>\$ 3,370,549</b>	<b>\$ 5,046,493</b>	<b>\$ 8,417,042</b>
10010 Operating Transfer In	-	-	-	-	-	-	-	-
10020 Operating transfer Out	-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-

Housing Authority of the City of Bogalusa (LA024)  
BOGALUSA, LA

**Entity Wide Revenue and Expense Summary**

Fiscal Year

End: 09/30/2022

	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	5,431,713	5,431,713
<b>10100 Total Other financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,431,713</b>	<b>\$ 5,431,713</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>\$ -</b>	<b>\$ 241,633</b>	<b>\$ 33,879</b>	<b>\$ -</b>	<b>\$ (33,893)</b>	<b>\$ 241,619</b>	<b>\$ 3,169,867</b>	<b>\$ 3,411,486</b>
<b>11030 Beginning Equity</b>	<b>\$ -</b>	<b>\$ 11,724,621</b>	<b>\$ 672,475</b>	<b>\$ -</b>	<b>\$ 67,857</b>	<b>\$ 12,464,953</b>	<b>\$ 4,116,846</b>	<b>\$ 16,581,799</b>
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	(445,862)	-	-	-	(445,862)	118,800	(327,062)
11170 Administrative Fee Equity	\$ -	\$ -	\$ 653,142	\$ -	\$ -	\$ 653,142	\$ -	\$ 653,142
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ 53,212	\$ -	\$ -	\$ 53,212	\$ -	\$ 53,212
11190 Unit Months Available	-	-	4,860	-	95	4,955	4,128	9,083
11210 Number of Unit Months Leased	-	-	4,860	-	95	4,955	3,754	8,709
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-

HOUSING AUTHORITY OF THE CITY OF BOGALUSA  
BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2022

**Section I: Summary of Auditors' Results:**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unmodified

Internal Control over financial reporting:

Are material weaknesses identified?  Yes  No

Are significant deficiencies that are not considered to be material weaknesses identified?  Yes  None Reported

Is noncompliance that could have a material effect on the financial statements identified?  Yes  No

**FEDERAL AWARDS**

Internal control over Major Programs:

Are material weaknesses identified?  Yes  No

Are significant deficiencies that are not considered to be material weaknesses identified?  Yes  None Reported

Type of report issued on compliance with requirements applicable to each Major Program: Unmodified

Are there any audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance?  Yes  No

**Identification of Major Programs:**

<u>Name of Federal Program</u>	<u>Assistance Listing No.</u>
Section 8 Housing Choice Voucher Program	14.871
Emergency Housing Voucher Program	14.EHV
Housing Choice Voucher CARES Act Funding	14.HCC

Dollar threshold used to distinguish between Type A and type B programs: \$750,000

Is the auditee identified as a Low-Risk Auditee?  Yes  No

HOUSING AUTHORITY OF THE CITY OF BOGALUSA  
BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2022

**Section II: Financial Statement Findings:**

**Summary Schedule of Prior Year Findings:**

None

**Current Year Findings and Questioned Costs:**

**Finding 2022-001 – Failure to Implement Recent Accounting Statement**

Criteria

*Governmental Accounting Standards Board Statement No. 87 – Leases* was effective for fiscal years beginning after June 15, 2021. Upon implementation of GASBS No. 87, the Authority (as the lessor) should defer recognition of consideration received upon execution of the lease, and recognize lease revenue systematically over the life of the lease. Upon implementation, the lessor should report deferred inflows of resources equal to the value of the assets received under the lease as of the implementation date.

Condition, Cause and Perspective

GASBS No. 87 was effective as of the beginning of the Authority's fiscal year, which was October 1, 2021. The Authority's Unaudited Financial Data Schedule and other accounting reports and records did not reflect the adoption of the Statement as of the beginning of its fiscal year, during its fiscal year, or as of its fiscal year end.

Questioned Costs – None

Effect

Fiscal year end deferred inflows of resources were understated and net position was overstated by \$439,716, and land lease revenues were understated by \$6,146.

Recommendation

We recommend that the Authority monitor effective dates of recently issued accounting statements, and account for applicable accounting statements when they become effective.

Reply

Authority management will monitor effective dates of recently issued accounting statements, and account for applicable accounting statements when they become effective. Vonda Waskom, Executive Director, has assumed the responsibility of ensuring that effective dates of recently issued accounting standards are monitored and applied when applicable, as of April 30, 2023.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA  
BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2022

**Section II: Financial Statement Findings - Continued:**

**Current Year Findings and Questioned Costs - Continued:**

**Finding 2022-002 – Omission of Revenue from Financial Statements**

Criteria

Internal controls over financial reporting should be sufficient to capture and accurately report significant financial transactions and balances, including procedures which reconcile cash receipts to general ledger postings.

Condition and Perspective

During the fiscal year, the Authority's blended component unit received a developer fee payment of \$200,000. The payment consisted of non-federal funds. The Authority did not post the transaction to its general ledger and did not report the transaction on its Unaudited Financial Data Schedule.

Cause

Initially caused by a lack of communication between management and the finance staff responsible for posting transactions and preparing financial reports, including the Unaudited Financial Data Schedule. The omission was not detected timely because there was not an effective internal control in place to reconcile cash receipts to general ledger postings applicable to non-routine transactions.

Questioned Costs – None

Effect

Fiscal year-end investments and fiscal year revenues were understated by \$200,000.

Recommendation

We recommend that the Authority implement procedures to A) ensure the appropriate finance personnel is aware of all transactions, including non-routing transactions; and B) reconcile cash receipts resulting from non-routine transactions to general ledger postings.

Reply

Authority management will implement procedures to A) ensure the appropriate finance personnel is aware of all transactions, including non-routing transactions; and B) reconcile cash receipts resulting from non-routine transactions to general ledger postings. Vonda Waskom, Executive Director, has assumed the responsibility of implementing and executing the procedures as of April 30, 2023.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA  
BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2022

**Section III: Federal Award Findings and Questioned Costs:**

**Summary Schedule of Prior Year Findings:**

None

**Current Year Findings and Questioned Costs:**

None

HOUSING AUTHORITY OF THE CITY OF BOGALUSA  
BOGALUSA, LOUISIANA

CORRECTIVE ACTION PLAN

SEPTEMBER 30, 2022

**Finding 2022-001 – Failure to Implement Recent Accounting Statement**

**Corrective Action**

Authority management will monitor effective dates of recently issued accounting statements, and account for applicable accounting statements when they become effective. Vonda Waskom, Executive Director, has assumed the responsibility of ensuring that effective dates of recently issued accounting standards are monitored and applied when applicable, as of April 30, 2023.

**Finding 2022-002 – Omission of Revenue from Financial Statements**

**Corrective Action**

Authority management will implement procedures to A) ensure the appropriate finance personnel is aware of all transactions, including non-routing transactions; and B) reconcile cash receipts resulting from non-routine transactions to general ledger postings. Vonda Waskom, Executive Director, has assumed the responsibility of implementing and executing the procedures as of April 30, 2023.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA  
BOGALUSA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO THE EXECUTIVE DIRECTOR

YEAR ENDED SEPTEMBER 30, 2022

**EXPENDITURE PURPOSE**

Salary	<u>\$ 70,257</u>
Benefits - Insurance	<u>12,508</u>
Benefits - Retirement	<u>4,567</u>
Benefits - Life	<u>700</u>
Per Diem	<u>112</u>
Travel	<u>2,709</u>
Registration Fees	<u>511</u>
<b>Total Compensation, Benefits and Other Payments</b>	<b><u><u>\$ 91,364</u></u></b>

Agency Head: Vonda Waskom, Executive Director

Basis of Presentation:

The above Schedule of Compensation, Benefits and Other Payments to the Executive Director is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the *Louisiana Revised Statute (R.S.) 24:513A.(3)*, as amended by *Act 706 of the 2014 Legislative Session*.

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Housing Authority of the City of Bogalusa  
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the period of October 1, 2021 through September 30, 2022. The Housing Authority of the City of Bogalusa's (the Authority's) management is responsible for those C/C areas identified in the SAUPs.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUP's for the period of October 1, 2021 through September 30, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

See Addendum A following this report for a description of the SAUPs.

The associated results and conclusions are as follows:

### **Written Policies and Procedures**

The Contracting Policy does not address a legal review. Other applicable Written Policies and Procedures business functions outlined in Addendum A (attached) were addressed without exception.

### **Board**

The Board meets bi-monthly. The Board met five times during fiscal year 2022 due to a lack of quorum applicable to one of its scheduled bi-monthly meetings. Other applicable Board functions outlined in Addendum A (attached) were sufficiently addressed and adhered to.

### **Bank Reconciliations**

Applicable Bank Reconciliation functions outlined in Addendum A (attached) were sufficiently addressed and adhered to.

### **Collections**

All applicable Collections functions outlined in Addendum A (attached) were addressed and adhered to without exception.

### **Disbursements**

Disbursements functions outlined in Addendum A (attached) were sufficiently addressed and adhered to.

### **Credit Cards**

Applicable Credit Cards functions outlined in Addendum A (attached) were sufficiently addressed and adhered to.

**Travel and Expense Reimbursement**

Travel and Expense Reimbursement functions outlined in Addendum A (attached) were addressed and adhered to without exception.

**Contracts**

All Contracts functions outlined in Addendum A (attached) were addressed and adhered to without exception.

**Payroll and Personnel**

Payroll and Personnel functions outlined in Addendum A (attached) were addressed and adhered to without exception.

**Ethics**

Ethics functions outlined in Addendum A (attached) were addressed and adhered to without exception. There were no changes to the Ethics Policy during fiscal year 2022.

**Debt Service**

The Authority did not enter into any debt agreements during fiscal year 2022. The Authority did not have any loans, notes or bonds outstanding during fiscal year 2022 or as of fiscal year-end.

**Fraud Notice**

Applicable Fraud Notice functions outlined in Addendum A (attached) were addressed and adhered to without exception.

**Information Technology Disaster Recovery/Business Continuity**

We performed the procedures on the Information Technology Disaster Recovery/Business Continuity functions outlined in Addendum A (attached) and discussed the results with management.

**Sexual Harassment**

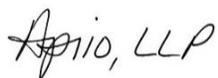
Sampled employees did not complete at least one hour of sexual harassment training during fiscal year 2022. The Authority did not complete an annual sexual harassment report. The other Sexual Harassment function outlined in Addendum A (attached) was addressed and adhered to without exception.

See Addendum B following this report for the Authority's Corrective Action Plan.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



Birmingham, Alabama  
March 16, 2023

# ADDENDUM A

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures  
– Fiscal Years Ending 12/31/2021 through 11/30/2022***

**Procedures**

Report all exceptions to the following procedures, either after each procedure or after all procedures, within each of the fourteen AUP categories. “Random” selections may be made using Microsoft Excel’s random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

***Written Policies and Procedures***

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1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:<sup>1</sup>
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

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<sup>1</sup> For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization’s operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures  
– Fiscal Years Ending 12/31/2021 through 11/30/2022***

- h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***<sup>2</sup>, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

***Board or Finance Committee***<sup>3</sup>

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds<sup>4</sup>, and semi-annual budget-to-actual, at a minimum, on all special revenue funds<sup>7</sup>. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or*

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<sup>2</sup> The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

<sup>3</sup> These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

<sup>4</sup> Proprietary and special revenue funds are defined under GASB standards. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary and special revenue operations that are not required to be budgeted under the Local Government Budget Act.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures  
– Fiscal Years Ending 12/31/2021 through 11/30/2022***

*included financial activity relating to public funds<sup>5</sup> if those public funds comprised more than 10% of the entity’s collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

***Bank Reconciliations***

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- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the entity’s main operating account. Select the entity’s main operating account and randomly select 4 additional accounts<sup>6</sup> (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

***Collections (excluding electronic funds transfers)<sup>7</sup>***

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- 4. Obtain a listing of deposit sites<sup>8</sup> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations<sup>9</sup> and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies

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<sup>5</sup> R.S. 24:513 (A)(1)(b)(iv) defines public funds.

<sup>6</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity’s daily business operations.

<sup>7</sup> The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

<sup>8</sup> A deposit site is a physical location where a deposit is prepared and reconciled.

<sup>9</sup> A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures  
– Fiscal Years Ending 12/31/2021 through 11/30/2022***

and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures  
– Fiscal Years Ending 12/31/2021 through 11/30/2022***

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

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8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
10. For each location selected under #8 above, obtain the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
  - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures  
– Fiscal Years Ending 12/31/2021 through 11/30/2022***

who maintained possession of the cards<sup>10</sup>. Obtain management’s representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)<sup>11</sup>. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

***Travel and Travel-Related Expense Reimbursements<sup>12</sup> (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

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<sup>10</sup> Including cards used by school staff for either school operations or student activity fund operations.

<sup>11</sup> For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

<sup>12</sup> Non-travel reimbursements are not required to be tested under this category.

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- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law<sup>13</sup> (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

***Payroll and Personnel***

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16. Obtain a listing of employees and officials<sup>14</sup> employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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<sup>13</sup> If the entity has adopted the state Procurement Code, replace “Louisiana Public Bid Law” with “Louisiana Procurement Code.”

<sup>14</sup> “Officials” would include those elected, as well as board members who are appointed.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures  
– Fiscal Years Ending 12/31/2021 through 11/30/2022***

- a) Observe all selected employees or officials<sup>15</sup> documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations and the entity’s policy on termination payments. Agree the hours to the employee or officials’ cumulative leave records, agree the pay rates to the employee or officials’ authorized pay rates in the employee or officials’ personnel files, and agree the termination payment to entity policy.
19. Obtain management’s representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers’ compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

***Ethics<sup>16</sup>***

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20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

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<sup>15</sup> “Officials” would include those elected, as well as board members who are appointed.

<sup>16</sup> The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

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***Debt Service***<sup>17</sup>

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe the entity has posted, on its premises<sup>18</sup> and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.<sup>19</sup>

***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
  - a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel

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<sup>17</sup> This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

<sup>18</sup> Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

<sup>19</sup> This notice is available for download or print at [www.la.la.gov/hotline](http://www.la.la.gov/hotline).

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responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

***Sexual Harassment<sup>20</sup>***

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- 26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
- 28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
  - a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

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<sup>20</sup> A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds.

## ADDENDUM B

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY  
MORGAN CITY, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR, STATE-WIDE AGREED-UPON PROCEDURES

CORRECTIVE ACTION PLAN

SEPTEMBER 30, 2022

**Written Policies and Procedures**

The Authority will update its Contracting Policy to address a legal review.

**Board**

The Board will meet bi-monthly.

**Sexual Harassment**

Employees will complete at least one hour of sexual harassment training during fiscal year 2023. The Authority will complete an annual sexual harassment report.