

St. James Parish Housing Authority

Financial Statements & Independent Auditors' Report

For the Year Ended September 30, 2022



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	<u>Page</u>
FINANCIAL INFORMATION PAGE	
Independent Auditors' Report	1
Management's Discussion and Analysis	i
Basic Financial Statements:	
Statement of Net Position	4
Statement of Revenues, Expenses, and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7
 SUPPLEMENTARY INFORMATION	
Statement and Certification of Actual Costs	19
Schedule of Expenditures of Federal Awards	20
Notes to Schedule of Expenditures of Federal Awards	21
Schedule of Compensation, Benefits and Other Payments to Agency Head	22
Schedule of Compensation Paid Board Members	22
Combining Statement of Net Positions – Discretely Presented Component Units	23
Combining Statement of Revenues, Expenses, and Changes in Net Position – Discretely Presented Component Units	24
 NON-FINANCIAL SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	27
Schedule of Findings and Questioned Costs	30
Schedule of Prior Year Audit Findings and Questioned Costs	31

- t: (615) 309-8959
- f: (909) 825-9900
- 4068 rural plains circle #180
- franklin, tn 37064



Board of Commissioners
St. James Parish Housing Authority
Lutcher, LA

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of St. James Parish Housing Authority (the Authority), as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise St. James Parish Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of St. James Parish Housing Authority, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Convent Trace Development, LP, and Central Crossing Development, LP, which represent 100% percent, 100% percent, and 100% percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. James Parish Housing 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.

Responsibilities of Management for the Financial Statements

St. James Parish Housing Authority's management is responsible for the preparation and fair presentation of the 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 St. James Parish Housing 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.



Auditor's 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 auditor's 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 GAAS 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 GAAS 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 St. James Parish Housing 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 St. James Parish Housing 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 the management's discussion and analysis on pages i-viii be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. James Parish Housing Authority's basic financial statements. The schedules listed on the table of contents in supplementary information and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are 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, that information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2023, on our consideration of St. James Parish Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 St. James Parish Housing 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 St. James Parish Housing Authority's internal control over financial reporting and compliance.

February 17, 2023

St. James Housing Authority
Management's Discussion and Analysis
September 30, 2022

Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position for the fiscal year ended September 30, 2022. Please read it in conjunction with the Authority's financial statements.

Overview of the financial statements

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles. The Authority's accounting records are structured as an enterprise fund with revenues recognized when earned, rather than when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated over their estimated useful lives. The accounting for enterprise funds is similar to the accounting used by businesses. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following the MD&A are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statement of Net Position** presents information similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources of the Authority. The statement is presented in the format where assets, minus liabilities, equal net position. Assets and liabilities are presented in order of liquidity and are classified as current and non-current.

Net position is reported in three broad categories:

Net Investment in Capital Assets: This component 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 consists of assets that are constrained by limitations placed on their use by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component consists of assets that are not restricted and do not meet the definition of Net investment in Capital Assets.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how the Authority's net position changed during the year. 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 grant revenue, investment income, interest expense, and gains or losses from the sale or disposition of capital assets. The focus of the statement is the change in Net Position, which is similar to net income or loss for a business entity.

St. James Housing Authority
Management's Discussion and Analysis
September 30, 2022

The **Statement of Cash Flows** reports net cash provided by or used by operating activities, non-capital financing activities, capital and related financing activities and investing activities.

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

In addition to the basic financial statements and accompanying notes, this report includes two types of supplementary information: required supplementary information and other supplementary information. Required supplementary information must be included to conform to Generally Accepted Accounting Principles. Management's Discussion and Analysis is the required supplementary information.

Other supplementary information is not required by Generally Accepted Accounting Principles but is presented for additional analysis purposes or to meet other requirements. The financial data schedule is required by the U.S. Department of Housing and Urban Development (HUD). The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Program information

Low Income Public Housing: Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

In addition to the Conventional Public Housing Program, due to the RAD conversion of two developments, the Housing Authority receives sub-management fees for assisting in overseeing the operations of these developments.

St. James Housing Authority
Management's Discussion and Analysis
September 30, 2022

Financial position and analysis

Table 1 compares the Authority's financial position for the fiscal years ended September 30, 2022 and 2021:

	2022	2021	Increase (Decrease)	Percent Variance
Assets				
Current assets	\$ 3,003,363	\$ 2,438,417	\$ 564,946	23.17%
Restricted assets	43,548	65,416	(21,868)	-33.43%
Capital assets, net	3,007,965	1,944,847	1,063,118	54.66%
Other noncurrent assets	2,019,220	1,971,783	47,437	2.41%
Total assets	<u>\$ 8,074,096</u>	<u>\$ 6,420,463</u>	<u>\$ 1,653,633</u>	<u>25.76%</u>
Liabilities				
Current liabilities	\$ 114,881	\$ 163,381	\$ (48,500)	-29.69%
Long-term debt	27,401	44,201	(16,800)	-38.01%
Other noncurrent liabilities	576,185	582,660	(6,475)	-1.11%
Total liabilities	718,467	790,242	(71,775)	-9.08%
Net position				
Net investment in capital assets	3,007,965	1,944,847	1,063,118	54.66%
Restricted net position	-	-	-	0.00%
Unrestricted net position	4,347,664	3,685,374	662,290	17.97%
Total net position	<u>7,355,629</u>	<u>5,630,221</u>	<u>1,725,408</u>	<u>30.65%</u>
Total liabilities and net position	<u>\$ 8,074,096</u>	<u>\$ 6,420,463</u>	<u>\$ 1,653,633</u>	<u>25.76%</u>

Current assets increased by \$564,946 or 23.17% primarily due to FEMA receivable recorded for expenses incurred as a result of Hurricane Ida.

Capital assets, net increased by \$1,063,118 or 54.66% primarily due to fixed asset additions

Current liabilities decreased by \$48,500 or 29.69% primarily due to a decrease in accounts payable which is based on timing of payments.

St. James Housing Authority
Management's Discussion and Analysis
September 30, 2022

Table 2 focuses on the changes in Net Position:

	2022	2021	Increase (Decrease)	Percent Variance
Operating revenue & expense				
Operating revenue	\$ 3,589,710	\$ 2,686,571	\$ 903,139	33.62%
Operating expenses	2,395,816	2,819,798	(423,982)	-15.04%
Operating income	1,193,894	(133,227)	1,327,121	-996.14%
Non-operating revenues & expenses	48,143	48,508	(365)	-0.75%
Capital grants	483,371	864,133	(380,762)	-44.06%
Increase (decrease) in net position	1,725,408	779,414	945,994	121.37%
Net position, beginning of year	5,630,221	4,850,807	779,414	16.07%
Prior period adjustments	-	-	-	0.00%
Net position, end of year	<u>\$ 7,355,629</u>	<u>\$ 5,630,221</u>	<u>\$ 1,725,408</u>	<u>30.65%</u>

Table 3 presents a summary of the Authority's revenue by source:

	2022	2021	Increase (Decrease)	Percent Variance
Operating revenue				
Tenant revenue	\$ 501,835	\$ 797,496	\$ (295,661)	-37.07%
HUD grants	2,367,307	1,744,200	623,107	35.72%
Other revenue	720,568	144,875	575,693	397.37%
Total operating revenue	<u>3,589,710</u>	<u>2,686,571</u>	<u>903,139</u>	<u>33.62%</u>
Non-operating revenues				
Public housing capital fund	483,371	864,133	(380,762)	-44.06%
Interest income	48,143	48,083	60	0.12%
Loss on disposal of fixed assets	-	425	(425)	-100.00%
Total non-operating revenues	<u>531,514</u>	<u>912,641</u>	<u>(381,127)</u>	<u>-41.76%</u>
Total revenues	<u>\$ 4,121,224</u>	<u>\$ 3,599,212</u>	<u>\$ 522,012</u>	<u>14.50%</u>

Tenant Revenue decreased by \$295,661 or 37.07%. Rent is based on 30% of tenant income and can vary from year to year.

HUD Grants increased by \$623,107 or 35.72% due to increased FEMA funding.

Other Revenue increased by \$575,693 or 397.37% due to an increase in blended component unit revenue.

Public Housing Capital Fund decreased by \$380,762 or 44.06% due to a decrease in capital fund spending.

St. James Housing Authority
Management's Discussion and Analysis
September 30, 2022

Table 4 presents a summary of the Authority's operating expenses:

	2022	2021	Increase (Decrease)	Percent Variance
Administrative	\$ 583,307	\$ 661,802	\$ (78,495)	-11.86%
Tenant services	231,370	250,068	(18,698)	-7.48%
Utilities	153,514	122,578	30,936	25.24%
Maintenance	668,903	1,025,927	(357,024)	-34.80%
General expense	353,036	383,504	(30,468)	-7.94%
Depreciation	405,686	375,919	29,767	7.92%
 Total expenses	 \$ 2,395,816	 \$ 2,819,798	 \$ (423,982)	 -15.04%

Administrative expenses decreased by \$78,495 or 11.86% due to lower office expenses and an exclusion of property betterments & additions in FY22.

Utilities expense increased by \$30,936 or 25.24% due to increased costs for electricity and sewer.

Maintenance decreased by \$357,024 or 34.80% primarily due to increased FEMA expenses incurred due to hurricane Ida in the previous year.

St. James Housing Authority
Management's Discussion and Analysis
September 30, 2022

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public Housing is adopted on the basis of accounting prescribed by HUD, which differs in some respects from Generally Accepted Accounting Principles. See the following tables:

Low Income Public Housing

	Budget	Actual	Variance Favorable (Unfavorable)	Percent Variance Favorable (Unfavorable)
Operating revenue				
Rental income	\$ 515,706	\$ 500,400	\$ (15,306)	-2.97%
Other Tenant Revenue	48,179	50,385	\$ 2,206	4.58%
Operating subsidy	1,042,048	1,194,666	152,618	14.65%
Capital funds	636,017	483,371	(152,646)	-24.00%
Investment income	523	525	2	0.38%
Fraud recovery	1,236	-	(1,236)	-100.00%
Other income	23,217	8,797	(14,420)	-62.11%
Total revenue	2,266,926	2,238,144	(28,782)	-1.27%
Expenses				
Administrative	688,067	636,887	51,180	7.44%
Tenant services	77,277	75,496	1,781	2.30%
Utilities	154,011	153,514	497	0.32%
Maintenance	503,282	507,263	(3,981)	-0.79%
Insurance	250,672	250,832	(160)	-0.06%
General expenses	75,786	141,429	(65,643)	-86.62%
Depreciation	-	306,763	(306,763)	-100.00%
Extraordinary Maintenance	-	47,099	(47,099)	-100.00%
Total expenses	1,749,095	2,119,283	(370,188)	-21.16%
Income (over)/under expense	\$ 517,831	\$ 118,861	\$ (398,970)	-77.05%

HUD Operating Subsidy revenue was over budget by \$152,618 or 14.65% due to greater than expected subsidy from proration.

Capital funds revenue was under budget by \$152,646 or 24.00% due to a decrease in drawdowns made for capital improvements.

Administrative Expense was under budget by \$51,180 or 7.44% due to CFP salaries expense being reclassified under operating transfers.

St. James Housing Authority
Management's Discussion and Analysis
September 30, 2022

General Expense was over budget by \$65,643 or 86.62%. This is due to compensated absences not being included with the budgeting for expenses

Depreciation Expense was over budget by \$306,763 or 100%. This is due to depreciation not being included with the budgeting for expenses

Capital assets

Table 7 summarizes the Authority's investment in capital assets:

	2022	2021	Increase (Decrease)	Percent Variance
Land	\$ 439,459	\$ 439,459	\$ -	0.00%
Buildings	15,039,390	13,656,414	1,382,976	10.13%
Furniture and equipment	550,434	464,606	85,828	18.47%
	16,029,283	14,560,479	1,468,804	10.09%
Less: accumulated depreciation	<u>(13,021,318)</u>	<u>(12,615,632)</u>	<u>(405,686)</u>	<u>3.22%</u>
Capital assets, net	<u>\$ 3,007,965</u>	<u>\$ 1,944,847</u>	<u>\$ 1,063,118</u>	<u>54.66%</u>

Acquisitions are capitalized at cost and depreciated using the straight-line method of depreciation. Additional information and details can be found in the Notes to the Financial Statements.

Capital funding available for 2022 is as follows:

	Grant	Total Budget	Expended through 09/30/22	Budget Remaining at 09/30/22
Capital Fund Program 2017	501-17	444,865	444,865	-
Capital Fund Program 2018	501-18	626,338	626,338	-
Capital Fund Program 2019	501-19	573,228	573,228	-
Capital Fund Program 2020	501-20	616,287	534,128	82,159
Capital Fund Program 2021	501-21	643,658	63,292	<u>580,366</u>
				<u>\$ 662,525</u>

St. James Housing Authority
Management's Discussion and Analysis
September 30, 2022

Significant economic factors affecting the Authority are as follows:

- The Department of Housing and Urban Development (HUD) has historically been underfunded to meet the subsidy needs of public housing authorities (PHAs). We do not expect this consistent trend to change. The effects of recapture and sequestration on funding and reserve balance along with efforts to eliminate RNP in the Housing Choice Voucher program.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. Further, funding for the Departments of Defense and Homeland Security will probably result in reduced appropriations for all other domestic program spending.
- Changing cost of utility rates, supplies, and other costs may impact our budgets in future years.
- The impact of the COVID-19 pandemic on the economy and government funding.
- The impact of hurricane Ida on the Louisiana economy reduced rental income, increased renovation expenses, and government funding.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Housing Authority of the Parish of St. James
Attn: Dana Groover, Executive Director
2627 North King Avenue
Lutcher, LA. 70071

St. James Parish Housing Authority

Statement of Net Position

September 30, 2022

	Primary Government	Discretely Presented Component Units
ASSETS		
Current Assets		
Cash and equivalents		
Unrestricted	\$ 1,616,749	\$ 19,977
Restricted	43,548	74,203
Subtotal	<u>1,660,297</u>	<u>94,180</u>
Inventory, net	7,862	-
Accounts receivable, net	1,334,579	15,616
Prepaid expenses	44,173	22,593
Total Current Assets	<u>3,046,911</u>	<u>132,389</u>
Non-Current Assets		
Notes receivable	2,019,220	-
Intangibles, net	-	49,511
Capital assets, net	3,007,965	8,540,549
Total Non-Current Assets	<u>5,027,185</u>	<u>8,590,060</u>
TOTAL ASSETS	<u>8,074,096</u>	<u>8,722,449</u>
DEFERRED OUTFLOW OF RESOURCES		
	-	-
LIABILITIES		
Current Liabilities		
Accounts payable	3,670	30,585
Accrued liabilities	71,344	58,094
Deposits held in trust	27,401	16,739
Compensated absences, current	35,945	-
Unearned revenue	3,922	2,939
Long-term debt, current	-	22,890
Total Current Liabilities	<u>142,282</u>	<u>131,247</u>
Non-Current Liabilities		
Compensated absences, non-current	98,038	-
Funds held in trust	16,147	356,279
Long-term debt, non-current	462,000	3,963,184
Total Other Liabilities	<u>576,185</u>	<u>4,319,463</u>
TOTAL LIABILITIES	<u>718,467</u>	<u>4,450,710</u>
DEFERRED INFLOW OF RESOURCES		
	-	-
NET POSITION		
Net investment in capital assets	3,007,965	4,554,475
Restricted	-	57,464
Unrestricted	4,347,664	(340,200)
TOTAL NET POSITION	<u>\$ 7,355,629</u>	<u>\$ 4,271,739</u>

St. James Parish Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2022

	Primary Government	Discretely Presented Component Units
OPERATING REVENUES		
Dwelling rent, net	\$ 501,835	\$ 463,581
Government grants, operating	2,367,307	-
Other income	720,568	-
TOTAL OPERATING REVENUES	3,589,710	463,581
OPERATING EXPENSES		
Administration	583,307	58,330
Tenant services	231,370	-
Utilities	153,514	33,391
Maintenance and operations	668,903	45,072
Protective services	-	3,455
Insurance	250,832	56,789
General expenses	102,204	122,905
Depreciation	405,686	392,733
TOTAL OPERATING EXPENSES	2,395,816	712,675
NET OPERATING INCOME (LOSS)	1,193,894	(249,094)
NONOPERATING REVENUES (EXPENSES)		
Interest income	48,143	-
Interest expense	-	(164,514)
TOTAL NONOPERATING REVENUES (EXPENSES)	48,143	(164,514)
TRANSFERS		
Capital contributions	483,371	-
TOTAL TRANSFERS	483,371	-
CHANGE IN NET POSITION	1,725,408	(413,608)
BEGINNING NET POSITION	5,630,221	4,685,347
ENDING NET POSITION	\$ 7,355,629	\$ 4,271,739

St. James Parish Housing Authority

Statement of Cash Flows

For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and users	\$ 540,860
Receipts from operating grants	2,364,750
Payments for goods and services	(1,170,619)
Payments to or on behalf of employees for services	(858,203)
	<u>876,788</u>

NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES

876,788

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital asset purchases	(1,468,804)
Capital contributions	483,371
	<u>(985,433)</u>

NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES

(985,433)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from investment activities	706
	<u>706</u>

NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES

706

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(107,939)

BEGINNING CASH AND CASH EQUIVALENTS

1,768,236

ENDING CASH AND CASH EQUIVALENTS

\$ 1,660,297

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$ 1,193,894
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Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Depreciation	405,686
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Change in Assets and Liabilities

(Increase) decrease in accounts receivable	(664,331)
(Increase) decrease in inventory and prepaid	13,314
Increase (decrease) in accounts payable	(41,385)
Increase (decrease) in accrued liabilities	(10,621)
Increase (decrease) in deposits held in trust/unearned revenue	(19,769)
	<u>(317,106)</u>

Total Adjustments

(317,106)

Net Cash Provided (Used) by Operating Activities

\$ 876,788

Interest Paid

\$ -

Note 01 - Summary of Significant Accounting Policies

Organization

St. James Parish Housing Authority (SJPHA) was chartered as public corporations under the laws *LSA-R.S.40:391* of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. SJPHA is governed by a five-member board of commissioners.

Introduction

The financial statements of SJPHA have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). SJPHA has previously implemented GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management's Discussion and Analysis (MD&A) section providing an analysis of SJPHA's overall financial position and results of operations.

SJPHA is a special-purpose government engaged only in business-type activities and, therefore, presents only the financial statements required for enterprise funds, in accordance with GASB Statement 34, paragraph 138 and GASB 63. For these governments, basic financial statements and required supplemental information consist of:

- Management Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of:
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement of Cash Flows
- Notes to Financial Statements

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with SJPHA to administer certain HUD funds.

A. Reporting Entity

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

GASB Statement No.61 establishes criteria for determining which, if any, component units should be considered part of SJPHA for financial reporting purposes. The basic criteria for including a potential component unit organization within SJPHA' reporting entity includes whether:

- The organization is legally separate (can be sued in their own name)
- The organization is able to impose its will on the organization
- The organization has the potential to impose a financial burden/benefit on SJPHA

Based on the previous criteria, the Housing Authority is not a component unit of another agency; however, SJPHA has determined that the following component units should be considered blended component units of the SJPHA reporting entity.

St. James Parish Housing Authority

Notes to Financial Statements
For the Year Ended September 30, 2022

St. James Housing Alliance, Inc. – the Entity is a legally separate entity, which is a not-for-profit corporation. Per the Bylaws, the Board of Directors of St. James Housing Alliance, Inc., is made up of three members, which consist of the Chairman of the SJPHA’s Board of Commissioners, Vice-Chairman of the SJPHA’s Board of Commissioners and Executive Director of the SJPHA. This provides SJPHA with a voting majority for the governing body of the Corporation. St. James Housing Alliance, Inc. impose a financial benefit and burden on SJPHA.

Financial information for the Entity is presented as of and for the year-ended September 30, 2022. There is no separate audit report available, however an informational tax return (Form 990) can be obtained from SJPHA management.

The following entities are considered component units of SJPHA and based on the GASB Statement No.61 established criteria, and the control and relationship between SJPHA and the component units, the Authority has determined these component units are required to be discretely presented on SJPHA’s financial statements. The entities are all reported on a December 31, 2021 fiscal year end which is different than SJPHA fiscal year end.

Covent Trace GP, LLC – the Entity was created, April 2016, as a legally separate entity, which is a Louisiana limited liability company. In July 2016, the operating agreement was amended and restated for Covent Trace GP, LLC, which lists St. James Housing Alliance, Inc., as having 51% membership and the managing member. The St. James Housing Alliance, Inc., has the power to bind and the power to impose its will on Covent Trace GP, LLC. However, there is no financial activity in this entity to be presented as of December 31, 2021.

Central Crossing GP, LLC – the Entity was created, April 2016, as a legally separate entity, which is a Louisiana limited liability company. In July 2016, the operating agreement was amended and restated for Central Crossing GP, LLC, which lists St. James Housing Alliance, Inc., as having 51% membership and the managing member. The St. James Housing Alliance, Inc., has the power to bind and the power to impose its will on Central Crossing GP, LLC. However, there is no financial activity in this entity to be presented as of December 31, 2021.

Covent Trace Development, LP (CTDLP) – the Entity was created, April 2016, as a legally separate entity, which is a limited partnership under the laws of the state of Louisiana. The partnership was formed to acquire, construct, or rehabilitate, own, and operate a housing complex of 28 residential units for rental to low-income residents. The partnership acquired the property from SJPHA under the Rental Assistance Demonstration (RAD) program. The RAD Conversion has allowed SJPHA to convert the public housing developments to a Section 8 platform, by transferring ownership of the developments to limited partnerships. However, the developments will be maintained for low-income households. Upon acquisition, rehabilitation of the property commenced and was substantially completed during CTDLP’s fiscal year of December 31, 2018. The Managing General Partner of CTDLP is Covent Trace GP, LLC. In addition, SJPHA has a sub-management agreement with CTDLP to assist in overseeing the day-to-day operations and can impose its will on the partnership.

Central Crossing Development, LP (CCDLP) – the Entity was created, April 2016, as a legally separate entity, which is a limited partnership under the laws of the state of Louisiana. The partnership was formed to acquire, construct, or rehabilitate, own, and operate a housing complex of 36 residential units for rental to low-income residents. The partnership acquired the property from SJPHA. The partnership acquired the property from SJPHA under the Rental Assistance Demonstration (RAD) program. The RAD Conversion has allowed SJPHA to convert the public housing developments to a Section 8 platform, by transferring ownership of the developments to limited partnerships. However, the developments will be maintained for low-income households. Upon acquisition, rehabilitation of the property commenced and was substantially completed during CCDLP’s fiscal year of December 31, 2018. The Managing General Partner of CCDLP is Central Crossing GP, LLC. In addition, SJPHA has a sub-management agreement with CCDLP to assist in overseeing the day-to-day operations and can impose its will on the partnership.

Separate financial statement of both Limited Partnerships, CTDLP and CCDLP, were issued for fiscal year ended December 31, 2021, and can be obtained by SJPHA.

B. Basic Financial Statements/Funds

All activities of SJPHA are reported in proprietary fund types. The focus of proprietary fund measurement is upon determination of operating income, Changes in Net Position, Financial Position, and Cash Flows. The Generally Accepted Accounting Principles applicable are those similar to businesses in the private sector. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is secured by SJPHA's capital assets and by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

In the Statement of Net Position, equity is classified as net position and displayed in three components:

- a) Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets.
- b) Restricted Net Position – Consists of assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- c) Unrestricted Net Position – All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted net positions are available for use, generally it is the SJPHA's policy to use restricted resources first.

C. Accrual Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

D. Financial Statement Accounts & Other Matters

1.) *Cash and Investments.*

- a) *Cash and Cash Equivalents.* SJPHA defines cash to include Certificates of Deposit, Money Market funds, savings accounts, demand deposits, and other short-term securities with original maturities of three months or less; consequently, the cost, carrying value, and market value are equivalent.
- b) *Investments.* Investments consist of Certificates of Deposits with original maturities of three months or greater, consequently, the cost, carrying value, and market value are equivalent.

2.) *Accounts Receivable.* Accounts Receivable consists of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

Accounts for which no possibility of collection is anticipated are charged to bad debts expense which is netted against tenant revenues on the Statement of Revenues, Expenses, and Changes in Net Position. The amount of bad debt related to tenant receivables written off for the year ended September 30, 2022 was \$48,950.

St. James Parish Housing Authority

Notes to Financial Statements
For the Year Ended September 30, 2022

3.) *Inventories.* Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenses when consumed rather than when purchased.

SJPHA’s management has elected to use an allowance for obsolete inventories which it estimates based on historical data and trend analysis. As of September 30, 2022 the allowance for obsolete inventory was \$874.

4.) *Restricted Cash.* Restricted cash consists of cash and investments that are held in trust.

5.) *Capital Assets.* Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Category</u>	<u>Useful Life (YR)</u>
Buildings	27.5
Buildings improvements	10
Equipment	3-10

6.) *Depreciation.* Depreciation expense of \$405,686 has been recognized during the year ended September 30, 2022.

7.) *Compensated Absences.* SJPHA follows *Louisiana Civil Service* regulations for accumulated annual and sick leave. Most employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. However, the Executive Director is considered an unclassified employee with the *Louisiana Civil Service* and is able to obtain full balance of annual leave upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

8.) *Unearned Revenue.* Unearned revenues consist of rental payments made by tenants in advance of their due date.

9.) *Revenues.* All SJPHA revenues are accrued. These revenues consist of user charges for rents, utilities, repairs, and other miscellaneous charges. Monies received from customers for security deposits are recorded as a liability upon receipt. Subsidies and grants, which finance current operations, are reported as operating revenues. Subsidies and grants, which finance capital operations, gain/loss on sale of fixed assets, and interest income/expense, are reported as non-operating revenues.

Revenues for government-mandated and voluntary exchange transactions are recorded when all applicable eligibility requirements, including time requirements, are met. Resources received before all eligibility requirements are met are reported as deferred inflows of resources.

10.) *Expenditures.* Expenditures are recognized when the liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the years purchased.

11.) *Internal Activity.* All transfers and other interfund activity balances have been eliminated from the financial statements in accordance with GASB.

12.) *Use of Estimates.* The preparation of financial statements in conformity with Generally Accepted Accounting Principles as applied to governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13.) *Deferred Inflows/Outflows of Resources.* In accordance with GASB 63, in addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. SJPHA had no deferred outflows of resources.

Also, in addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. SJPHA had no deferred inflows of resources.

14.) *Income Taxes.* SJPHA is not subject to federal or state income taxes. The blended component unit files annual informational tax returns with the IRS.

15.) *Subsequent Events.* Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management evaluated the activity of the Authority through February 17, 2023, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

16.) *Recent Accounting Developments – GASB 87 – Leases.* The requirements of this Statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. Note, this standard has been implemented by the Authority in the current fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Any contract that meets this definition should be accounted for under the lease's guidance, unless specifically excluded in this Statement. As of June 30, 2022, the Authority's management has analyzed their contracts, and have found no material to the financial statements.

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Note 02 - Cash and Cash Equivalents

All the deposits of SJPHA are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the Federal Depository Insurance coverage level are collateralized with securities held by SJPHA agents in these units' names. SJPHA has no policy regarding custodial credit risk for deposits.

All deposits of SJPHA are with financial institutions meeting State and Federal deposit requirements.

Interest rate risk - As a means of limiting its exposure to market value losses arising from rising interest rates, SJPHA's typically limits its investment portfolio to maturities of 12 months or less. SJPHA has no specific policy regarding interest rate risk.

Credit risk - SJPHA has no policy regarding credit risk.

Custodial credit risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, SJPHA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. SJPHA has no policy on custodial credit risk.

Concentration of credit risk - SJPHA follows the Financial Management Handbook (Chapter 4) regarding the process of cash management.

Cash and cash equivalents were comprised of the following as of September 30, 2022:

Unrestricted:

Checking & Money Market accounts	\$ 1,616,749
Subtotal	<u>1,616,749</u>

Restricted:

Tenant security deposits	27,401
Restricted FSS escrow	<u>16,147</u>
Subtotal	<u>43,548</u>
Total cash & cash equivalents	<u><u>\$ 1,660,297</u></u>

Note 03 - Accounts Receivable

Accounts receivable as of September 30, 2022 were comprised of the following:

Tenant receivables	\$ 120,321
Allowance for tenant receivables	<u>(90,628)</u>
Net tenant receivables	29,693
Due from other governments	1,272,849
Miscellaneous receivables	<u>32,037</u>
Total accounts receivable	<u><u>\$ 1,334,579</u></u>

St. James Parish Housing AuthorityNotes to Financial Statements
For the Year Ended September 30, 2022**Note 04 - Capital Assets**

A summary of the activity for the year ended September 30, 2022 is presented below for capital assets:

	<u>9/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>09/30/22</u>
Nondepreciable				
Land	\$ 439,459	\$ -	\$ -	\$ 439,459
Construction in progress	-	483,371	(483,371)	-
Total nondepreciable	<u>439,459</u>	<u>483,371</u>	<u>(483,371)</u>	<u>439,459</u>
Depreciable				
Buildings & improvements	13,654,684	1,384,706	-	15,039,390
Furniture & equipment	466,336	84,098	-	550,434
Total depreciable	<u>14,121,020</u>	<u>1,468,804</u>	<u>-</u>	<u>15,589,824</u>
Accumulated depreciation	<u>(12,615,632)</u>	<u>(405,686)</u>	<u>-</u>	<u>(13,021,318)</u>
Net depreciable	<u>1,505,388</u>	<u>1,063,118</u>	<u>-</u>	<u>2,568,506</u>
Net capital assets	<u>\$ 1,944,847</u>	<u>\$ 1,546,489</u>	<u>\$ (483,371)</u>	<u>\$ 3,007,965</u>

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by SJPHA. The majority of these renovations will be fully financed by grants from HUD.

All Public Housing program land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

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Note 05 - Notes Receivables

The notes receivable consists solely of amounts due from the discretely presented component units to SJPHA.

As of September 30, 2022, notes receivable was composed of the following:

<p>On November 1, 2017, CTDL P entered into a promissory note and loan agreement with SJPHA to finance the acquisition of the property's existing building and the land it resides on. The principal balance is \$700,00 at an interest rate of 2.6% per annum and is secured by a mortgage and security agreement on the rental property. The maturity date is November 1, 2057 and payments are made from the net cash flow as defined by the agreement</p>	<p>\$ 700,000</p>
<p>On January 25, 2018, CCDLP entered into a promissory note and loan agreement with SJPHA to finance the acquisition of the property's existing building and the land it resides on. The principal balance is \$655,010 at an interest rate of 2.64% per annum and is secured by a mortgage and security agreement on the rental property. The maturity date is January 25, 2058 and payments are made from the net cash flow as defined by the agreement.</p>	<p>655,010</p>
<p>On January 25, 2018, CCDLP entered into a promissory note and loan agreement with SJPHA for the AHP funds to finance a portion of the property development and rehabilitation. The principal balance is up to \$252,000 at an interest rate of 2.59% per annum and is secured by a mortgage and security agreement on the rental property. The maturity date is January 25, 2058. No payments shall be due until maturity date, at which time all unpaid interest and principal shall be due in full.</p>	<p>252,000</p>
<p>On August 22, 2017, CTDL P entered into a promissory note and loan agreement with SJPHA for the AHP funds to finance a portion of the property development and rehabilitation. The principal balance is up to \$210,000 at an interest rate of 2.58% per annum and is secured by a mortgage and security agreement on the rental property. The maturity date is September 30, 2057. No payments shall be due until maturity date, at which time all unpaid interest and principal shall be due in full.</p>	<p><u>210,000</u></p>
<p>Total related party notes receivable - principal</p>	<p>1,817,010</p>
<p>Accrued interest on related party notes</p>	<p><u>202,210</u></p>
<p>Total related party notes receivable</p>	<p><u><u>\$ 2,019,220</u></u></p>

St. James Parish Housing Authority

Notes to Financial Statements
For the Year Ended September 30, 2022

Note 06 - Long-Term Liabilities

SJPHA long-term liabilities had the following activity:

	9/30/21	Additions	Deletions	09/30/22
Compensated absences	\$ 99,445	\$ 74,297	\$ (75,704)	\$ 98,038
Funds held in trust	21,215	7,302	(12,370)	16,147
Direct Borrowing - AHP debt	462,000	-	-	462,000
	<u>\$ 582,660</u>	<u>\$ 81,599</u>	<u>\$ (88,074)</u>	<u>\$ 576,185</u>

In 2016, the SJPHA was awarded two conditional grants under the Affordable Housing Program (AHP) for Convent Trace Project of \$210,000 and for Central Crossing Project of \$252,000. These funds are funded through direct borrowing via the Federal Home Loan Bank of Dallas. The period of compliance with these grants is 15 years from the date of issuance of the projects' Certificate of Occupancy. As the Sponsor, SJPHA would be required to pay back the grant if the projects do not stay in conformity of the agreement. SJPHA has recorded a note payable of \$462,000 for these transactions but no maturity schedule is presented as no payments are required.

Note 07 - Net Position

SJPHA is required to report net position in three categories described in Note 1. The calculation to arrive at each net position is as follows:

Capital assets, net	\$ 3,007,965
Capital debt	-
Net investment in capital assets	<u>\$ 3,007,965</u>
Restricted cash	\$ 43,548
Tenant FSS escrow liability	(16,147)
Security deposit liability	(27,401)
Restricted net position	<u>\$ -</u>

Note 08 - Defined Contribution Plan

SJPHA participates in the Housing Renewal Local Agency Retirement Plan. SJPHA provides pension benefits for all of its full-time employees through a defined contribution plan. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 8.5 percent of each participant's basic (excludes overtime) compensation. The covered employee contributes 6 percent of the basic compensation. SJPHA's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. SJPHA's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of SJPHA.

There are no assets accumulated in a trust to pay for future contributions of SJPHA. SJPHA's total payroll for year ended September 30, 2022, was \$660,574. SJPHA's contributions were calculated using the base salary amount of \$465,495. SJPHA made the required contributions of \$38,785, which was recognized as an expense for the fiscal year. The covered employees made the required contributions of \$27,239 for the year ended September 30, 2022. SJPHA did not have any reported forfeitures for the fiscal year ended September 30, 2022.

Note 09 - Sub-Management Agreement

On November 8, 2017, SJPHA had entered into a sub-management agreement with CTDLP component unit, in which SJPHA acts as the submanager for the property. The sub-manager manages the day-to-day operations of the property and supports the manager that maintains and operations the property. Based on the agreement, SJPHA receives a management fee of \$38,000 per year and an additional \$3,901 per year. As of September 30, 2022, CTDLP had no outstanding management fee balance.

On January 25, 2018, SJPHA had entered into a sub-management agreement with CCDLP component unit, in which SJPHA acts as the sub-manager for the property. The sub-manager manages the day-to-day operations of the property and supports the manager that maintains and operations the property. Based on the agreement, SJPHA receives a management fee of \$65,000 per year and an additional \$4,912 per year. As of September 30, 2022, CCDLP had no outstanding management fee balance.

During the fiscal year ended September 30, 2022, SJPHA received \$112,263 from the discretely presented component units in accordance with the sub-management agreements.

Note 10 - Contingencies

Legal: The Authority is party to no pending or threatened legal actions arising from the normal course of its operations.

Grants and Contracts: The Authority participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of September 30, 2022.

Note 11 - Risk Management

SJPHA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which SJPHA carries commercial insurance. The amounts of insurance settlements have not exceeded insurance coverage for any of the past three years.

Note 12 - Economic Dependency

SJPHA is economically dependent on the funding provided by the U.S. Department of Housing and Urban Development. The U.S. Department of Housing and Urban Development provided operating grants, which represents approximately 44% of SJPHA's total revenue for the year.

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St. James Parish Housing Authority

Notes to Financial Statements
For the Year Ended September 30, 2022

Note 13 - Blended Component Unit

The Financial Statements of St. James Parish Housing Authority include a component unit St. James Housing Alliance. The companies share management and board of directors and share the same fiscal year end. Condensed Financial Information is provided below:

Condensed Statement of Net Position

	SJPHA	St. James Housing Alliance	Eliminations	Business-type Activity
Current assets	\$ 3,964,964	\$ 194,196	\$ (1,112,249)	\$ 3,046,911
Non-current assets	5,027,185	-	-	5,027,185
Total Assets	8,992,149	194,196	(1,112,249)	8,074,096
Deferred Outflows of Resources	-	-	-	-
Current liabilities	1,254,531	-	(1,112,249)	142,282
Non-current liabilities	576,185	-	-	576,185
Total Liabilities	1,830,716	-	(1,112,249)	718,467
Deferred Inflows of Resources	-	-	-	-
Investment in capital assets	3,007,965	-	-	3,007,965
Restricted net position	-	-	-	-
Unrestricted net position	4,153,468	194,196	-	4,347,664
Total Net Position	\$ 7,161,433	\$ 194,196	\$ -	\$ 7,355,629

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St. James Parish Housing Authority

Notes to Financial Statements

For the Year Ended September 30, 2022

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

	<u>SJPHA</u>	<u>St. James Housing Alliance</u>	<u>Eliminations</u>	<u>Business-type Activity</u>
Dwelling rent, net	\$ 501,835	\$ -	\$ -	\$ 501,835
Government grants, operating	2,367,307	-	-	2,367,307
Other income	720,568	-	-	720,568
Total Operating Revenues	<u>3,589,710</u>	<u>-</u>	<u>-</u>	<u>3,589,710</u>
Administration	583,307	-	-	583,307
Tenant services	231,370	-	-	231,370
Utilities	153,514	-	-	153,514
Maintenance and operations	668,903	-	-	668,903
Insurance expense	250,832	-	-	250,832
General expense	102,204	-	-	102,204
Depreciation	405,686	-	-	405,686
Total Operating Expenses	<u>2,395,816</u>	<u>-</u>	<u>-</u>	<u>2,395,816</u>
Net Operating Income (Loss)	<u>1,193,894</u>	<u>-</u>	<u>-</u>	<u>1,193,894</u>
Non-operating revenue (expenses)	48,143	-	-	48,143
Capital contribution	483,371	-	-	483,371
Change in Net Position	1,725,408	-	-	1,725,408
Beginning net position	5,436,025	194,196	-	5,630,221
Equity transfer	-	-	-	-
Ending net position	<u>\$ 7,161,433</u>	<u>\$ 194,196</u>	<u>\$ -</u>	<u>\$ 7,355,629</u>

Condensed Statement of Cash Flows

	<u>SJPHA</u>	<u>St. James Housing Alliance</u>	<u>Eliminations</u>	<u>Business-type Activity</u>
Net cash provided (used) by:				
Operating activities	\$ 876,788	\$ -	\$ -	\$ 876,788
Capital and related financing activities	(985,433)	-	-	(985,433)
Investing activities	706	-	-	706
Beginning cash	1,574,040	194,196	-	1,768,236
Ending cash	<u>\$ 1,466,101</u>	<u>\$ 194,196</u>	<u>\$ -</u>	<u>\$ 1,660,297</u>

St. James Parish Housing Authority

Statement and Certification of Actual Costs

September 30, 2022

1. The Actual Costs of the Authority was as follows:

Grant	Funds Approved	Funds Disbursed	Funds Expended	Balance Unspent
<i>LA48P092501-17</i>	\$ 444,865	\$ 444,865	\$ 444,865	\$ -
<i>LA48P092501-18</i>	626,338	626,338	626,338	-
<i>LA48P092501-19</i>	573,228	573,228	573,228	-
<i>LA48P092501-20</i>	616,287	520,373	520,373	95,914
<i>LA48P092501-21</i>	643,658	-	-	643,658

2. The distribution of costs as shown on the Financial Statement of Costs accompanying the Actual Cost Certificate submitted to HUD for approval, is in agreement with the Authority's records.
3. For the above completed grants, all costs have been paid and all related liabilities have been discharged through payment.

St. James Parish Housing Authority
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2022

<u>FEDERAL GRANTOR</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of HUD		
<i>Direct Programs</i>		
Public and Indian Housing	14.850	\$ 1,046,152
Public Housing Capital Fund	14.872	631,885
Resident Opportunity and Supportive Services	14.870	67,034
Public Housing Family Self Sufficiency	14.877	<u>78,512</u>
<i>Total U.S. Department of HUD</i>		<u>1,823,583</u>
U.S. Department of Homeland Security		
<i>Direct Programs</i>		
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	<u>1,027,095</u>
<i>Total U.S. Department of Homeland Security</i>		<u>1,027,095</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 2,850,678</u></u>

Note 1 - Summary of Significant Accounting Policies to the Schedule of Expenditures of Federal Awards

A.) Scope of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the expenditures incurred (and related awards received) by the St. James Parish Housing Authority (SJPHA) that are reimbursable under federal programs of federal agencies providing financial assistance awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum Federal or State reimbursement authorized or the portion of the program expenditures that were funded with, state, local or other nonfederal funds are excluded from the accompanying schedule.

B.) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

The Schedule was prepared from only the accounts of the grant programs and, therefore, does not present the financial position or results of operations of SJPHA.

C.) Subrecipients

During the fiscal year ended September 30, 2022, SJPHA disbursed no Federal funds to subrecipients.

D.) 10% De Minimis Indirect Costs Rate

The Authority did not elect to use the 10% de minimis indirect costs rate as allowed by Uniform Guidance.

St. James Parish Housing Authority

For the Year Ended September 30, 2022

Schedule of Compensation, Benefits and Other Payments to Agency Head

Agency Head Name: Dana S. Groover, Executive Director

Purpose		
<i>Salary</i>	\$	126,235
<i>Benefits-insurance</i>	\$	7,405
<i>Benefits-retirement, including social security and medicare</i>	\$	25,676
<i>Deferred compensation plan</i>	\$	1,950
<i>Cell phone</i>	\$	-
<i>Car allowance</i>	\$	9,200
<i>Vehicle provided by government</i>	\$	-
<i>Per diem</i>	\$	-
<i>Dues</i>	\$	-
<i>Reimbursements</i>	\$	1,559
<i>Registration fees</i>	\$	-
<i>Conference travel</i>	\$	-

Schedule of Compensation Paid Board Members

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

Florian Oubre, Chairman
Lameka Williams-Gaines
Leo McQueen
Adam Koenig, Vice Chairman
Youlander Williams

St. James Parish Housing Authority

Combining Statement of Net Position - Discretely Presented Component Unit

September 30, 2022

	Convent Trace Development, LP	Central Crossing Development, LP	DPCU Total
ASSETS			
Current Assets			
Cash and cash equivalents			
Unrestricted	\$ 16,060	\$ 3,917	\$ 19,977
Restricted	40,912	33,291	74,203
Subtotal	56,972	37,208	94,180
Accounts receivable, net	9,853	5,763	15,616
Prepaid expenses	12,726	9,867	22,593
Inventory, net	-	-	-
Interfund due from	-	-	-
Total Current Assets	79,551	52,838	132,389
Non-Current Assets			
Notes receivable	-	-	-
Intangibles, net	35,321	14,190	49,511
Capital assets, net	4,837,380	3,703,169	8,540,549
Total Non-Current Assets	4,872,701	3,717,359	8,590,060
TOTAL ASSETS	4,952,252	3,770,197	8,722,449
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Current Liabilities			
Accounts payable	13,983	16,602	30,585
Accrued liabilities	25,248	32,846	58,094
Deposits held in trust	10,193	6,546	16,739
Compensated absences, current	-	-	-
Unearned revenue	1,721	1,218	2,939
Debt - current	12,705	10,185	22,890
Interfund due to	-	-	-
Total Current Liabilities	63,850	67,397	131,247
Non-Current Liabilities			
Compensated absences, non-current	-	-	-
Funds held in trust	163,692	192,587	356,279
Long-term debt, non-current	2,357,166	1,606,018	3,963,184
Total Non-Current Liabilities	2,520,858	1,798,605	4,319,463
TOTAL LIABILITIES	2,584,708	1,866,002	4,450,710
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
Net Position			
Net investment in capital assets	2,473,564	2,080,911	4,554,475
Restricted	-	57,464	57,464
Unrestricted	(106,020)	(234,180)	(340,200)
TOTAL NET POSITION	\$ 2,367,544	\$ 1,904,195	\$ 4,271,739

St. James Parish Housing Authority

Combining Statement of Revenues, Expenses, and Changes in Net Position - Discretely Present Component Unit
For the Year Ended September 30, 2022

	Convent Trace Development, LP	Central Crossing Development, LP	DPCU Total
Operating Revenues			
Rental revenues, net	\$ 266,370	\$ 197,211	\$ 463,581
Government grants	-	-	-
Other income	-	-	-
Total Operating Revenues	<u>266,370</u>	<u>197,211</u>	<u>463,581</u>
Operating Expenses			
Administration	31,273	27,057	58,330
Tenant services	-	-	-
Utilities	18,089	15,302	33,391
Maintenance and operations	21,728	23,344	45,072
Protective services	960	2,495	3,455
Insurance expense	32,008	24,781	56,789
General expense	75,376	47,529	122,905
Depreciation and amortization	208,314	184,419	392,733
Total Operating Expenses	<u>387,748</u>	<u>324,927</u>	<u>712,675</u>
OPERATING INCOME (LOSS)	<u>(121,378)</u>	<u>(127,716)</u>	<u>(249,094)</u>
Non-Operating Revenues (Expenses)			
Interest income	-	-	-
Gain/(loss) on disposal of capital asset	-	-	-
Interest expense	(90,933)	(73,581)	(164,514)
Total Non-Operating Revenues (Expenses)	<u>(90,933)</u>	<u>(73,581)</u>	<u>(164,514)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(212,311)</u>	<u>(201,297)</u>	<u>(413,608)</u>
Capital Contributions and Transfers			
Government grants, capital contributions	-	-	-
Total Capital Contributions and Transfers	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(212,311)</u>	<u>(201,297)</u>	<u>(413,608)</u>
BEGINNING NET POSITION	2,579,855	2,105,492	4,685,347
ENDING NET POSITION	<u>\$ 2,367,544</u>	<u>\$ 1,904,195</u>	<u>\$ 4,271,739</u>

- t: (615) 309-8959
- f: (909) 825-9900
- 4068 rural plains circle #180
- franklin, tn 37064



Board of Commissioners
St. James Parish Housing Authority
Lutcher, LA

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*

Independent Auditors' Report

We have audited, 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, the financial statements of the business-type activities of the St. James Parish Housing Authority (SJPHA), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise St. James Parish Housing Authority's basic financial statements, and have issued our report thereon dated February 17, 2023. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. James Parish Housing 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. James Parish Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of St. James Parish Housing 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. James Parish Housing 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*.

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 St. James Parish Housing 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 17, 2023

- t: (615) 309-8959
- f: (909) 825-9900
- 4068 rural plains circle #180
- franklin, tn 37064



Board of Commissioners
St. James Parish Housing Authority
Lutcher, LA

Report on Compliance on Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the *Uniform Guidance*

Independent Auditors' Report

Report on Compliance for Each Major Federal Program
Opinion of Each Major Federal Program

We have audited St. James Parish Housing 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 each of St. James Parish Housing Authority's major federal programs for the year ended September 30, 2022. St. James Parish Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, St. James Parish Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of St. James Parish Housing 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 each major federal program. Our audit does not provide a legal determination of St. James Parish Housing 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 St. James Parish Housing Authority's federal programs.



Auditor's 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 St. James Parish Housing 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 GAAS, *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 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 St. James Parish Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 St. James Parish Housing 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 St. James Parish Housing 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 St. James Parish Housing 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.

Smith Marino & Co.

February 17, 2023

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Internal controls over financial reporting:

Material weakness(es) identified

Significant deficiency(ies) identified

Noncompliance material to financial statements noted

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified

Significant deficiency(ies) identified

Type of auditors' report issued on compliance for major federal programs

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

Identification of major federal programs:

ALN(s)	Name of Federal Program or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disaster)

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as a low-risk auditee

Section II Financial Statement Findings

No findings

Section III Federal Awards Findings

No findings to reported under 2CFR200 Section 516(a) of the Uniform Guidance

St. James Parish Housing Authority
 Summary Schedule of Prior Year Findings and Questioned Costs
 For the Year Ended September 30, 2022

Financial Statement Findings

Prior Year Findings Number	Findings Title	Status/Current Year Finding Number
N/A	There were no prior findings reported	N/A

Federal Award Findings and Questioned Costs

Prior Year Findings Number	Findings Title	Status/Current Year Finding Number
N/A	There were no prior findings reported	N/A