

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

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

**Housing Authority of the Parish of St. James
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Parish of St. James
Lutcher, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the Parish of St. James as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represents 100% of the assets, net position, and revenues as of December 31, 2018 of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has 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 report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no

such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying supplementary information, as listed in the table of contents, which includes the financial data schedule, required by the United States Department of Housing and Urban Development, and the 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* (Uniform Guidance) and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, which includes the financial data schedule, required by the United States Department of Housing and Urban Development, and the schedule of expenditures of federal awards, as required by the Uniform Guidance 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, which includes the financial data schedule, required by the United States Department of Housing and

Urban Development and the schedule of expenditures of federal awards, as required by the Uniform Guidance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020 on our consideration of the 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 the 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 the Housing Authority's internal control over financial reporting and compliance.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION

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

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2019**

The Housing Authority of the Parish of St. James, hereinafter referred to as “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; and, (d) identify individual fund 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.

FINANCIAL HIGHLIGHTS

- The Authority’s net position decreased by \$33,717 during 2019. Net Position was \$4,681,724 and \$4,715,441 for 2019 and 2018, respectively.
- Revenues, excluding capital grants, increased by \$85,774. Revenues were \$2,189,102 and \$2,103,328 for 2019 and 2018, respectively.
- The total expenses for all Authority programs increased by \$351,647. Total expenses were \$2,462,742 and \$2,111,095 for 2019 and 2018, respectively.
- During fiscal year September 30, 2018, the Housing Authority converted two developments, Convent and Central, to the Rental Assistance Demonstration (RAD) program. Due to the conversion, these properties are considered to be discretely presented component units: Convent Trace Development, L.P. and Central Crossing Development, L.P., in which the fiscal year ended December 31, 2018 is reported for the Housing Authority’s fiscal year ended September 30, 2019. The total operating revenues for the fiscal year ended December 31, 2018 were \$238,161 and total operating expenses were \$701,612. The total nonoperating expenses were \$139,193 and contributions were \$1,617,260. The change in net position was \$1,014,616. A copy of the Convent Trace Development, L.P.’s and Central Crossing Development, L.P.’s audit reports can be obtained from the Housing Authority.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2019**

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Supplementary Information":

**Required Supplementary Information
Management's Discussion & Analysis (MD&A)**

Basic Financial Statements

**Authority-wide Financial Statements
Notes to the Financial Statements**

**Supplementary Information
Schedule of Compensation, Benefits and Other Payments to Agency Head
Schedule of Compensation Paid Board Members
Financial Data Schedule
Actual Capital Fund Cost Certificate**

Single Audit Information

Other Information

The primary focus of the Authority's financial statements is on the Authority as a whole. This allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Fund Financial Statements

These Statements include a Statement of Net Position which reports all financial and capital resources for the Authority. The statement is presented in the format where assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources equals "Net Position". Assets, liabilities and deferred outflows/inflows of resources are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year) and "Non-current".

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2019**

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 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 do not meet the definition of “Net Investment in Capital Assets” or “Restricted Net Position”.

The financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, and 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 Fund Net Position is the “Change in Net Position”, which is similar to net income or loss.

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

The Authority uses the enterprise fund basis for accounting, which utilizes the full accrual basis. The enterprise method of accounting is similar to accounting used by the private sector for accounting.

The Authority's Programs

Conventional 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.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2019**

FINANCIAL STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position of the primary government compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1

STATEMENT OF NET POSITION

	2019	2018	Variance
Current assets	\$ 1,693,947	\$ 1,463,397	\$ 230,550
Restricted assets	62,787	54,208	8,579
Noncurrent assets	1,892,378	1,562,311	330,067
Capital assets, net	1,728,991	1,841,005	(112,014)
Total assets	<u>5,378,103</u>	<u>4,920,921</u>	<u>457,182</u>
Current liabilities	102,931	75,452	27,479
Current liabilities payable from current restricted assets	41,651	39,451	2,200
Noncurrent liabilities	551,797	90,577	461,220
Total Liabilities	<u>696,379</u>	<u>205,480</u>	<u>490,899</u>
Net Position:			
Net Investment in Capital Assets	1,728,991	1,841,005	(112,014)
Unrestricted	2,952,733	2,874,436	78,297
Total Net Position	<u>\$ 4,681,724</u>	<u>\$ 4,715,441</u>	<u>\$ (33,717)</u>

Major Factors Affecting the Statement of Net Position

Total assets increased by \$457,182 as of September 30, 2019 mainly because there was a note receivable that moved from long-term to short-term in the amount of \$175,000 and HUD receivable increased \$222,000 fiscal year ended 2018 to fiscal year ended 2019. In addition, the PHA has a notes receivable from the component units for the AHP loans discussed below.

Total liabilities increased by \$490,899 because of an increase of \$462,000 in AHP long-term notes payable and an increase in current accrued compensated absences liability.

Table 2 presents details on the change in Unrestricted Net Position.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2019**

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Positon as of September 30, 2018	\$ <u>2,874,436</u>
Results from Operations	(317,159)
Adjustments:	
Depreciation (1)	393,556
Funding Provided for Capital Grants (2)	239,923
Interest Earned on Operations	43,519
Capital Asset Purchases	<u>(281,542)</u>
Adjusted Results from Operations	<u>78,297</u>
Unrestricted Net Positon as of September 30, 2019	<u><u>\$ 2,952,733</u></u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (2) Funding provided for capital grant hard costs, pursuant to GASB 33, is reported as revenue. However, the revenue is absorbed by the associated capital purchases and therefore does not increase Unrestricted Net Position.

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 measure in financial well being.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2019**

The following schedule compares the revenues and expenses of the primary government for the current and previous fiscal year.

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Revenues			
Tenant Revenue – Rents and Other	\$ 650,791	\$ 588,695	\$ 62,096
Operating Subsidies and Grants	1,313,205	1,168,982	144,223
Capital Grants	239,923	270,164	(30,241)
Other Revenues	225,106	345,651	(120,545)
Total Revenue	<u>2,429,025</u>	<u>2,373,492</u>	<u>55,533</u>
Expenses			
Administration	621,957	565,328	56,629
Tenant services	162,354	143,729	18,625
Utilities	107,626	116,291	(8,665)
Ordinary maintenance and operations	714,730	471,296	243,434
General expenses	434,787	335,911	98,876
Housing assistance payments	27,732	75,328	(47,596)
Nonroutine maintenance	-	10,000	(10,000)
Depreciation	393,556	393,212	344
Total Expenses	<u>2,462,742</u>	<u>2,111,095</u>	<u>351,647</u>
Net Increase (Decrease)	<u>\$ (33,717)</u>	<u>\$ 262,397</u>	<u>\$ (296,114)</u>

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Fund Net Position

Total revenues increased by \$55,533 from 2018 to 2019, mainly due to various increases for rental income and HUD operating subsidies with offsetting decrease in capital grants and other revenues.

Total expenses increased \$351,647 from 2018 to 2019 mainly due to increases in administration, tenant services and ordinary maintenance and operations for the increased RAD development oversight activities along with increases in housing authority office expense and maintenance materials.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the end of 2019 the Authority had \$1,728,991 invested in a variety of capital assets as reflected in the following schedule.

TABLE 4

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

	2019	2018
Land	\$ 439,459	\$ 439,459
Buildings	12,699,041	12,527,026
Furniture and Equipment	445,678	336,151
Accumulated Depreciation	(11,855,187)	(11,461,631)
Total	\$ 1,728,991	\$ 1,841,005

The capital assets had decreased by \$112,014 due to the current year depreciation, which netted against the current year additions.. See Note 4 to the notes to the financial statements for additional information.

The following reconciliation summarizes the change in capital assets.

TABLE 5

CHANGE IN CAPITAL ASSETS

	Business Activities
Beginning Balance	\$ 1,841,005
Additions, Net of Retirements	281,542
Depreciation and Amortization	(393,556)
Ending Balance	\$ 1,728,991

Debt

The Housing Authority has a note payable of \$462,000 as of September 30, 2019 due to Affordable Housing Program (AHP) funds received and passed to the discretely presented component units for construction at the two RAD conversion properties. Additionally, the Housing Authority has compensated absences payable outstanding as of September 30, 2019. See Notes 7 and 8 to the notes to the financial statements for additional information.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2019**

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 Dana Groover, Executive Director of the St. James Parish Housing Authority, at (225) 869-3278. Specific requests may be submitted to the Housing Authority of the Parish of St. James, 2627 North King Avenue, Lusher, Louisiana, 70071.

Housing Authority of the Parish of St. James

BASIC FINANCIAL STATEMENTS

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Enterprise Funds
Statement of Net Position
September 30, 2019**

	Total Primary Government	Statement A Total Discretely Presented Component Units
LIABILITIES		
Current Liabilities:		
Bank overdraft	\$ -	\$ 2,986
Accounts and other payables	53,455	1,173,896
Accrued liabilities	-	13,675
Unearned revenue	2,323	55
Current portion of compensated absences payable	47,153	-
Accrued interest payable - construction loan	-	16,460
Construction loan payable	-	4,678,583
 Current Liabilities Payable From Current Restricted Assets		
Deposits due others	41,651	12,272
 Total current liabilities	144,582	5,897,927
Non-current liabilities:		
FSS escrow liability	21,136	-
Compensated absences payable	68,661	-
CDBG loan payable	-	302,494
Accrued interest payable on CDBG loan payable	-	6,050
Notes payable to primary government	-	1,530,010
Accrued interest payable to primary government	-	43,067
Developer fee payable	-	860,000
Accrued interest payable on developer fee payable	-	2,150
Notes Payable	462,000	-
 Total non-current liabilities	551,797	2,743,771
 TOTAL LIABILITIES	696,379	8,641,698
NET POSITION		
Net investment in capital assets	1,728,991	2,979,853
Unrestricted	2,952,733	(1,965,237)
 TOTAL NET POSITION	\$ 4,681,724	\$ 1,014,616

(Concluded)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2019**

	Total Primary Government	Statement B Total Discretely Presented Component Units
OPERATING REVENUES		
Dwelling rental	\$ 650,791	\$ 234,712
Federal grants	1,313,205	-
Other income	181,587	3,449
Total operating revenues	2,145,583	238,161
OPERATING EXPENSES		
Administration	621,957	85,570
Tenant services	162,354	-
Utilities	107,626	36,516
Ordinary maintenance and operations	714,730	27,388
Protective services	-	100
General expenses	434,787	374,277
Housing assistance payments	27,732	-
Depreciation and amortization	393,556	177,761
Total operating expenses	2,462,742	701,612
Income (loss) from operations	(317,159)	(463,451)
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	43,519	-
Interest expense	-	(139,193)
Total nonoperating revenues (expenses)	43,519	(139,193)
Income (loss) before contributions and transfers	(273,640)	(602,644)
Capital contributions	239,923	1,617,260
Change in net position	(33,717)	1,014,616
NET POSITION AT BEGINNING OF YEAR	4,715,441	-
NET POSITION AT END OF YEAR	\$ 4,681,724	\$ 1,014,616

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Enterprise Funds
Statement of Cash Flows
For the Year Ended September 30, 2019**

	Total Primary Government	Statement C Discretely Presented Component Units
CASH FLOWS FROM OPERATING ACTIVITIES:		
Rental receipts	\$ 654,068	\$ 238,050
Other receipts	171,910	3,449
Federal grants	1,175,702	-
Payments to vendors	(1,158,305)	(493,582)
Payments to employees	(843,630)	-
Payments to private landlords	(27,732)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(27,987)	(252,083)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(281,542)	(6,121,389)
Proceeds from loans payable	-	4,981,077
Unamortized costs related to capital assets	-	(86,732)
Interest paid on capital debt	-	(71,466)
Proceeds from capital contributions	155,244	1,617,260
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(126,298)	318,750
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends	452	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	452	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(153,833)	66,667
CASH AT BEGINNING OF YEAR	904,979	-
CASH AT END OF YEAR	751,146	66,667
Reconciliation to Financial Statements:		
Cash and cash equivalents	688,359	37,581
Restricted deposits	62,787	32,072
Bank overdraft	-	(2,986)
TOTAL CASH AND CASH EQUIVALENTS	\$ 751,146	\$ 66,667

(Continued)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Enterprise Funds
Statement of Cash Flows
For the Year Ended September 30, 2019**

	Total Primary Government	Statement C Discretely Presented Component Units
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (317,159)	\$ (463,451)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	393,556	174,393
Changes in assets and liabilities:		
Receivables, net	(151,202)	(8,989)
Inventories	7,510	-
Prepaid items	10,409	-
Accounts payable	12,760	19,962
Accrued liabilities	-	13,675
Unearned revenue	(1,280)	55
Deposits due others	8,579	12,272
Compensated absences	8,840	-
	(27,987)	(252,083)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
	(27,987)	(252,083)
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Notes receivable due from component unit	1,817,010	-
Accrued interest receivable	75,368	-
Notes payable to primary government	-	1,530,010
Notes payable	462,000	-
Deferred developer payable	-	860,000
Accrued interest payable	-	45,217
	\$ 2,354,378	\$ 2,435,227
TOTAL	\$ 2,354,378	\$ 2,435,227
		(Concluded)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Enterprise Funds
Combining Statement of Net Position for the Discretely Presented Component Units
September 30, 2019**

	<u>Convent Trace Development, LP</u>	<u>Central Crossing Development, LP</u>	<u>Statement D Total Discretely Presented Component Units</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,207	\$ 22,374	\$ 37,581
Accounts receivable, net	5,436	3,553	8,989
Restricted Assets			
Resident deposits	4,934	7,338	12,272
Reserve for replacement	9,000	10,800	19,800
Total current assets	<u>34,577</u>	<u>44,065</u>	<u>78,642</u>
Non-current assets:			
Other assets	28,860	57,872	86,732
Capital assets			
Land	140,000	166,010	306,010
Buildings, and equipment (net)	3,999,882	5,185,048	9,184,930
Total non-current assets	<u>4,168,742</u>	<u>5,408,930</u>	<u>9,577,672</u>
TOTAL ASSETS	<u>4,203,319</u>	<u>5,452,995</u>	<u>9,656,314</u>
LIABILITIES			
Current Liabilities:			
Bank overdraft	2,986	-	2,986
Accounts and other payables	568,146	605,750	1,173,896
Accrued liabilities	11,562	2,113	13,675
Unearned revenue	31	24	55
Accrued interest payable - construction loan	-	16,460	16,460
Construction loan payable	1,959,748	2,718,835	4,678,583
Current Liabilities Payable From Current Restricted Assets			
Deposits due others	4,934	7,338	12,272
Total current liabilities	<u>2,547,407</u>	<u>3,350,520</u>	<u>5,897,927</u>
Non-current liabilities:			
CDBG loan payable	-	302,494	302,494
Accrued interest payable on CDBG loan payable	-	6,050	6,050
Notes payable to primary government	700,000	830,010	1,530,010
Accrued interest payable to primary government	21,242	21,825	43,067
Developer fee payable	460,000	400,000	860,000
Accrued interest payable on developer fee payable	1,150	1,000	2,150
Total non-current liabilities	<u>1,182,392</u>	<u>1,561,379</u>	<u>2,743,771</u>
TOTAL LIABILITIES	<u>3,729,799</u>	<u>4,911,899</u>	<u>8,641,698</u>
NET POSITION			
Net Investment in capital assets	1,480,134	1,499,719	2,979,853
Unrestricted	(1,006,614)	(958,623)	(1,965,237)
TOTAL NET POSITION	<u>\$ 473,520</u>	<u>\$ 541,096</u>	<u>\$ 1,014,616</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Discretely Presented Component Units
For the Year Ended September 30, 2019**

	<u>Convent Trace Development, LP</u>	<u>Central Crossing Development, LP</u>	Statement E Total Discretely Presented Component Units
OPERATING REVENUES			
Dwelling rental	\$ 107,002	\$ 127,710	\$ 234,712
Other income	1,577	1,872	3,449
Total operating revenues	<u>108,579</u>	<u>129,582</u>	<u>238,161</u>
OPERATING EXPENSES			
Administration	47,138	38,432	85,570
Utilities	16,826	19,690	36,516
Ordinary maintenance and operations	14,702	12,686	27,388
Protective services	100	-	100
General expenses	134,200	240,077	374,277
Depreciation and amortization	98,796	78,965	177,761
Total operating expenses	<u>311,762</u>	<u>389,850</u>	<u>701,612</u>
Income (loss) from operations	<u>(203,183)</u>	<u>(260,268)</u>	<u>(463,451)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	(48,707)	(90,486)	(139,193)
Total nonoperating revenues (expenses)	<u>(48,707)</u>	<u>(90,486)</u>	<u>(139,193)</u>
Income (loss) before contributions and transfers	(251,890)	(350,754)	(602,644)
Capital contributions	<u>725,410</u>	<u>891,850</u>	<u>1,617,260</u>
Change in net position	473,520	541,096	1,014,616
NET POSITION AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 473,520</u>	<u>\$ 541,096</u>	<u>\$ 1,014,616</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Enterprise Funds
Combining Statement of Cash Flows For the Discretely Presented Component Units
For the Year Ended September 30, 2019**

Statement F

	<u>Covent Trace Development, LP</u>	<u>Central Crossing Development, LP</u>	<u>Total Discretely Presented Component Units</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rental receipts	\$ 106,531	\$ 131,519	\$ 238,050
Other receipts	1,577	1,872	3,449
Payments to vendors	<u>(193,136)</u>	<u>(300,446)</u>	<u>(493,582)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(85,028)</u>	<u>(167,055)</u>	<u>(252,083)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(2,518,800)	(3,602,589)	(6,121,389)
Proceeds from loans payable	1,959,748	3,021,329	4,981,077
Unamortized costs related to capital assets	(28,860)	(57,872)	(86,732)
Interest paid on capital debt	(26,315)	(45,151)	(71,466)
Proceeds from capital contributions	<u>725,410</u>	<u>891,850</u>	<u>1,617,260</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>111,183</u>	<u>207,567</u>	<u>318,750</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>26,155</u>	<u>40,512</u>	<u>66,667</u>
CASH AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
CASH AT END OF YEAR	<u><u>26,155</u></u>	<u><u>40,512</u></u>	<u><u>66,667</u></u>
Reconciliation to Financial Statements:			
Cash and cash equivalents	15,207	22,374	37,581
Restricted deposits	13,934	18,138	32,072
Bank overdraft	<u>(2,986)</u>	<u>-</u>	<u>(2,986)</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>26,155</u></u>	<u><u>40,512</u></u>	<u><u>66,667</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(203,183)	(260,268)	(463,451)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	97,506	76,887	174,393
Changes in assets and liabilities:			
Receivables, net	(5,436)	(3,553)	(8,989)
Accounts payable	9,558	10,404	19,962
Accrued liabilities	11,562	2,113	13,675
Unearned revenue	31	24	55
Deposits due others	<u>4,934</u>	<u>7,338</u>	<u>12,272</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (85,028)</u></u>	<u><u>\$ (167,055)</u></u>	<u><u>\$ (252,083)</u></u>
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Notes payable to primary government	\$ 700,000	\$ 830,010	\$ 1,530,010
Deferred developer payable	460,000	400,000	860,000
Accrued interest payable	<u>22,392</u>	<u>22,825</u>	<u>45,217</u>
TOTAL	<u><u>\$ 1,182,392</u></u>	<u><u>\$ 1,252,835</u></u>	<u><u>\$ 2,435,227</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

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Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the Parish of St. James (the Housing Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing authorities are 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. The Housing Authority is governed by a five-member board of commissioners.

The Housing Authority has the following units:

	<u># of Units</u>
PHA Owned Housing	252

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

GASB Standards establish criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these Statements, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

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

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

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

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

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

St. James Housing Alliance, Inc. is a legally separate entity, which is a not-for-profit corporation and has a December 31st year end; however, the Housing Authority is in the process of changing this fiscal year end to September 30th. 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 Housing Authority's Board of Commissioners, Vice-Chairman of the Housing Authority's Board of Commissioners and Executive Director of the Housing Authority. This provides the Housing Authority with a voting majority of the governing body of the Corporation. St. James Housing Alliance, Inc. impose a financial benefit and burden on the Housing Authority. Based on the above, St. James Housing Alliance, Inc. is considered to be a component unit of the Housing Authority and should be included under blended presentation.

In April 2016, Convent Trace GP, LLC was created as a legally separate entity, which is a Louisiana limited liability company. In July 2016, the operating agreement was amended and restated for Convent 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 Convent Trace GP, LLC. Therefore, Convent Trace GP, LLC is considered to be a component unit of the Housing Authority under discrete presentation.

In April 2016, Convent Trace Development, L.P. (CTDLP) was created 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 operation a housing complex of 28 residential units for rental to low income residents. The partnership acquired the property from the Housing Authority under the Rental Assistance Demonstration (RAD) program. The RAD Conversion has allowed the Housing Authority 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 Convent Trace GP, LLC. In addition, the Housing Authority has a sub-management agreement with CTDLP to assist in overseeing the day-to-day operations and can impose its will on the partnership. Based on this information, CTDLP is considered to be a component unit of the Housing Authority under discrete presentation.

In April 2016, Central Crossing GP, LLC was created 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. Therefore, Central Crossing GP, LLC is considered to a component unit of the Housing Authority under discrete presentation.

In April 2016, Central Crossing Development, L.P. (CCDLP) was created 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 operation a housing complex of 36 residential units for rental to low income residents. The partnership acquired the property from the Housing Authority. The partnership acquired the property from the Housing Authority under the Rental Assistance Demonstration (RAD) program. The RAD Conversion has allowed the Housing Authority 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, the Housing Authority has a sub-management agreement with CCDLP to assist in overseeing the day-to-day operations and can impose its will on the partnership. Based on this information, CCDLP is considered to be a component unit of the Housing Authority under discrete presentation.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

The transactions that occurred during the Housing Authority's fiscal year were between the Housing Authority and the Limited Partnerships. No financial transactions occurred during the fiscal year ended September 30, 2019 for Convent Trace GP, LLC and Central Crossing GP, LLC. Therefore, no financial information is provided for these organizations.

Separate financial statements of both Limited Partnerships, CTDLP and CCDLP, were issued for fiscal year ended December 31, 2018, and can be obtained from the Housing Authority.

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

The funds of the Housing Authority are classified as proprietary.

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The general fund (the primary government) accounts for the transactions of the public housing low rent program, the capital fund program, public housing family self-sufficiency under ROSS, resident opportunities and self-sufficiency (ROSS) and the sub-management transactions with the Limited Partnerships.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets, all liabilities and all deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority's funds are federal grants received for operations and rent and maintenance charges to residents. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. INVESTMENTS Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The Housing Authority reports at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits and short term investments with original maturities of 90 days or less from the date of acquisition. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVENTORY AND PREPAID ITEMS All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the consumption method.

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

G. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$1,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight line depreciation is used based on the following estimated useful lives:

Buildings	27.5 years
Building improvements	10 years
Equipment and furniture	3 – 10 years

H. COMPENSATED ABSENCES The Housing Authority 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.

I. RESTRICTED NET POSITION Net Position is reported as restricted when constraints placed on Net Position use are either:

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

It is the Housing Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

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

K. AMORTIZATION Convent Trace Development, L.P., a discretely presented component unit of the Housing Authority, amortizes its tax credit costs over the ten-year credit period using the straight-line method beginning in the first year in which the credits are taken. For the year ended December 31, 2018, accumulated amortization totaled \$1,290.

Central Crossing Development, L.P., a discretely presented component unit of the Housing Authority, amortizes its tax credit costs over the ten-year credit period using the straight-line method beginning in the first year in which the credits are taken. For the year ended December 31, 2018, accumulated amortization totaled \$2,078.

NOTE 2 - DEPOSITS AND INVESTMENTS At September 30, 2019, the Housing Authority has cash and cash equivalents of \$751,146 as follows:

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk: At year end, the Housing Authority's carrying amount of deposits was \$751,146 (which includes restricted cash of \$21,136 for FSS escrow and \$41,651 for resident security deposits) and the bank balance was \$845,363. Of the bank balance, \$290,092 was covered by federal depository insurance or by collateral held by the Housing Authority's agent in the Housing Authority's name. The remaining balance of \$555,271 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3 Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. The Housing Authority's policy is to have deposits 100% collateralized at all times.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority's policy does not address credit rate risk.

The carrying amount of the deposits as of December 31, 2018 for Convent Trace Development, L.P., a discretely presented component unit of the Housing Authority, was \$26,155 in which \$15,207 was classified as cash and cash equivalents, \$13,934 classified as restricted deposits and \$2,986 classified as a bank overdraft. As of December 31, 2018, there were no uninsured deposits. The restricted deposits of \$13,934 consisted of \$4,934 in tenant security deposits and \$9,000 in replacement reserve.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

The carrying amount of the deposits as of December 31, 2018 for Central Crossing Development, L.P., a discretely presented component unit of the Housing Authority, was \$40,512 in which \$22,374 was classified as cash and cash equivalents and \$18,138 classified as restricted deposits. As of December 31, 2018, there were no uninsured deposits. The restricted deposits of \$18,138 consisted of \$7,338 in tenant security deposits and \$10,800 in replacement reserve.

NOTE 3 - RECEIVABLES The receivables net of allowance for doubtful accounts for the primary government at September 30, 2019, are as follows:

<u>Class of Receivables</u>	<u>Amount</u>
Tenants, net of allowance of \$1157	\$ 8,729
Notes, net of allowance of \$9613	175,000
Fraud Recovery, net of allowance of \$9309	0
HUD	699,512
Other	38,152
Total	<u><u>\$ 921,393</u></u>

Included within the notes receivable reflected above is \$175,000 in current portion due from the discretely present component units.

Convent Trace Development, L.P. and Central Crossing Development, L.P., discretely presented component units of the Housing Authority, reported \$5,436 and \$3,553, respectively, in accounts receivable related to tenants as of the year ended December 31, 2018.

NOTE 4 - CAPITAL ASSETS The changes and balances at September 30, 2019 in capital assets for the primary government are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Capital asset not being depreciated				
Land	\$ 439,459	\$ -	\$ -	\$ 439,459
Total capital assets not being depreciated	<u>439,459</u>	<u>-</u>	<u>-</u>	<u>439,459</u>
Capital assets being depreciated				
Buildings & improvements	12,527,026	172,015	-	12,699,041
Furniture and equipment	336,151	109,527	-	445,678
Total capital assets being depreciated	<u>12,863,177</u>	<u>281,542</u>	<u>-</u>	<u>13,144,719</u>
Less accumulated depreciation				
Buildings & improvements	11,178,307	360,197	-	11,538,504
Furniture and equipment	283,324	33,359	-	316,683
Total accumulated depreciation	<u>11,461,631</u>	<u>393,556</u>	<u>-</u>	<u>11,855,187</u>
Total capital assets being depreciated, net	<u>1,401,546</u>	<u>(112,014)</u>	<u>-</u>	<u>1,289,532</u>
Capital assets, net	<u><u>\$ 1,841,005</u></u>	<u><u>\$ (112,014)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,728,991</u></u>

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

The changes and balances at December 31, 2018 in capital assets for the discretely presented component units are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Capital asset not being depreciated				
Land	\$ -	\$ 306,010	\$ -	\$ 306,010
Total capital assets not being depreciated	-	306,010	-	306,010
Capital assets being depreciated				
Buildings & improvements	-	9,143,922	-	9,143,922
Furniture and equipment	-	215,401	-	215,401
Total capital assets being depreciated	-	9,359,323	-	9,359,323
Less accumulated depreciation				
Total accumulated depreciation	-	174,393	-	174,393
Total capital assets being depreciated, net	-	9,184,930	-	9,184,930
Capital assets, net	\$ -	\$ 9,490,940	\$ -	\$ 9,490,940

NOTE 5 - RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal Local Agency Retirement Plan. The Housing Authority 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 basic compensation. The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority. There are no assets accumulated in a trust to pay for future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended September 30, 2019 was \$621,646. The Housing Authority's contributions were calculated using the base salary amount of \$408,610. The Housing Authority made the required contributions of \$34,732, which was recognized as expense for the fiscal year. The covered employees made the required contributions of \$23,237 for the year ended September 30, 2019. The Housing Authority reported \$24 in forfeitures for the fiscal year ended September 30, 2019.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

NOTE 6 - ACCOUNTS AND OTHER PAYABLES The account payables balances for the primary government at September 30, 2019, are as follows:

	Amount
Vendors	\$ 7,311
Payroll related liabilities	15,730
Resident council	24,594
Utilities	5,820
Total	\$ 53,455

The account payables balances for the discretely presented component units at December 31, 2018, are as follows:

	Amount
Vendors	\$ 19,962
Construction Contracts	1,153,934
Total	\$ 1,173,896

NOTE 7 - COMPENSATED ABSENCES At September 30, 2019, employees of the Housing Authority have accumulated and vested \$115,814 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made.

NOTE 8 - LONG TERM OBLIGATIONS The following is a summary of the long-term obligation transactions and balances for the primary government for the year ended September 30, 2019:

	Notes Payable	Compensated Absences
Balance, Beginning	\$ -	\$ 106,974
Additions	462,000	93,934
Deductions	-	85,094
Balance, Ending	462,000	115,814
Amount Due in One Year	\$ -	\$ 47,153

The following is a summary of the long-term obligation transactions and balances for the discretely presented component units for the year ended December 31, 2018:

	Construction Loan Payable	CDBG Loan Payable	Notes Payable to Primary Government
Balance, Beginning	\$ -	\$ -	\$ -
Additions	4,678,583	302,494	1,530,010
Deductions	-	-	-
Balance, Ending	4,678,583	302,494	1,530,010
Amount Due in One Year	\$ 4,678,583	\$ -	\$ -

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

Construction Loan Payable:

On November 1, 2017, the CTDLP component unit entered into a construction loan agreement with Home Federal Bank. Proceeds from the note were used to pay construction costs of the property. The amount available to draw is \$2,500,000 at an interest rate of 5.0% per annum and is secured by a mortgage on the rental property. The maturity date is March 1, 2019 at which it will convert into permanent financing.

On January 1, 2018, the CCDLP component unit entered into a construction loan agreement with Home Federal Bank. Proceeds from the note were used to pay construction costs of the property. The amount available to draw is \$3,500,000 at an interest rate of 5.0% per annum and is secured by a mortgage on the rental property. The maturity date is July 1, 2019 at which it will convert into permanent financing.

CDBG Loan Payable:

On January 1, 2018, the CCDLP component unit entered into a loan agreement with The Louisiana Housing Corporation (LHC). LHC granted the funds to CCDLP through the Community Development Block Grant (CDBG) Program. Proceeds from the note were used to pay construction costs of the property. The amount available to draw is \$600,000 at an interest rate of 2.0% per annum and is secured by the same mortgage and security agreement on the rental property. The maturity date is January 25, 2053 and annual payments of principal and interest are paid from surplus cash commencing on April 1, 2026.

Notes Payable to Primary Government:

On November 1, 2017, the CTDLP component unit entered into a promissory note and loan agreement with the Housing Authority of the Parish of St. James (the primary government) to finance the acquisition of the property's existing building and the land it resides on. The principal balance is \$700,000 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.

On January 25, 2018, the CCDLP component unit entered into a promissory note and loan agreement with the Housing Authority of the Parish of St. James (the primary government) to finance the acquisition of the property's existing building and the land it resides on. The principal balance is \$830,010 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 November 1, 2057 and payments are made from the net cash flow as defined by the agreement.

The primary government has reported a corresponding notes receivable from the component unit for these transactions.

AHP Payable to Primary Government:

In 2016, the Housing Authority of the Parish of St. James 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 the Federal Home Loan Bank of Dallas. The period of compliance with these grants are 15 years from the date of issuance of the projects' certificate of occupancy. As the Sponsor, the Housing Authority would be required to pay back the grant if the projects do not stay in conformity of the agreement. The Housing Authority has recorded a notes payable of \$462,000 for these transactions.

On August 22, 2017, the CTDLP component unit entered into a promissory note and loan agreement with the Housing Authority 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.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

On January 25, 2018, the CCDLP component unit entered into a promissory note and loan agreement with the Housing Authority 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.

The primary government has reported a corresponding notes receivable from the component unit for these transactions.

NOTE 9 - SUBMANAGEMENT AGREEMENTS On November 8, 2017, the Housing Authority had entered into a sub-management agreement with CTDLP component unit, in which the Housing Authority 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, the Housing Authority receives a management fee of \$38,000 per year and an additional \$3,829 per year.

On January 25, 2018, the Housing Authority had entered into a sub-management agreement with CCDLP component unit, in which the Housing Authority 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, the Housing Authority receives a management fee of \$65,000 per year and an additional \$4,913 per year.

During the fiscal year ended September 30, 2019, the Housing Authority received \$111,813 from the discretely presented component units in accordance to the sub-management agreements.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in any litigation.

Grant Disallowances The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants.

NOTE 11 - RISK MANAGEMENT The Housing Authority 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 the Housing Authority carries commercial insurance. The amounts of insurance settlements have not exceeded insurance coverage for any of the past three years.

NOTE 12 - ECONOMIC DEPENDENCY The Housing Authority 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 \$1,553,128 to the Housing Authority, which represents approximately 64% of the Housing Authority's total revenue for the year.

NOTE 13 - DUE TO/FROM DISCRETELY PRESENTED COMPONENT UNITS The difference in the amounts due to and from the discretely presented component units are due to the fact that the component unit is presented as of December 31, 2018 and the Housing Authority's year end is September 30, 2019. The receivable/payable is a result of the developments acquired in the RAD conversion from the Housing Authority that has not been yet been reimbursed.

NOTE 14 - SUBSEQUENT EVENT In November 2019, permanent financing was entered into separately by Convent Trace Development, LP and Central Crossing Development, LP. Construction loans were reduced prior to the permanent financing conversion from capital contributions. Additionally, developer fee payments and construction payables were repaid from capital contributions.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2019

NOTE 15 - CHANGE IN FINANCIAL STATEMENT PRESENTATION The audited financial statements for fiscal year ended September 30, 2018 of the Housing Authority was the first year to present the discretely presented component units, which also was the discretely presented component units' first year to be fully operational. At the time the Housing Authority's report was issued, the audited financial statements for the discretely presented component units as of fiscal year ended December 31, 2018 were available, and therefore included. However, in order to include the December 31, 2018 audits, the Housing Authority had to request an extension for additional time for the audit submission with the Louisiana Legislative Auditors. In order for the Housing Authority to be able to file the fiscal year end September 30, 2019 audit report without requesting an extension of time for submission, the Housing Authority had changed its method of presentation concerning the discretely presented component units to report the December year end of the discretely presented component units that precedes the Housing Authority's September year end in order to stay consistent for future years.

SUPPLEMENTARY INFORMATION

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Schedule of Compensation, Benefits and Other Payments to Agency Head
September 30, 2019**

Agency Head Name: Dana S. Groover, Executive Director

Purpose	Amount
Salary	\$127,948
Benefits-insurance	6,651
Benefits-retirement, including social security and medicare	25,234
Deferred compensation plan	1,875
Cell phone	844
Car allowance	1,100
Vehicle provided by government	-
Per diem	1,225
Dues	-
Reimbursements	1,043
Registration fees	1,802
Conference Travel	4,919

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Compensation Paid Board Members
September 30, 2019**

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

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Financial Data Schedule
As of and For the Year Ended September 30, 2019**

Submission Type: Audited/Single Audit

	Project Total	6.2 Component Unit - Blended	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.877 Public Housing Family Self- Sufficiency under ROSS	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$560,944	\$44,744	\$82,671	\$0	\$37,581	\$0	\$725,940		\$725,940
113 Cash - Other Restricted	\$21,136	\$0	\$0	\$0	\$19,800	\$0	\$40,936		\$40,936
114 Cash - Tenant Security Deposits	\$41,651	\$0	\$0	\$0	\$12,272	\$0	\$53,923		\$53,923
100 Total Cash	\$623,731	\$44,744	\$82,671	\$0	\$69,653	\$0	\$820,799	\$0	\$820,799
122 Accounts Receivable - HUD Other Projects	\$657,449	\$0	\$0	\$22,958	\$2,814	\$19,105	\$702,326		\$702,326
125 Accounts Receivable - Miscellaneous	\$37,026	\$0	\$1,126	\$0	\$0	\$0	\$38,152		\$38,152
126 Accounts Receivable - Tenants	\$9,886	\$0	\$0	\$0	\$6,175	\$0	\$16,061		\$16,061
126.1 Allowance for Doubtful Accounts -Tenants	-\$1,157	\$0	\$0	\$0	\$0	\$0	-\$1,157		-\$1,157
126.2 Allowance for Doubtful Accounts - Other	-\$9,613	\$0	\$0	\$0	\$0	\$0	-\$9,613		-\$9,613
127 Notes, Loans, & Mortgages Receivable - Current	\$9,613	\$0	\$175,000	\$0	\$0	\$0	\$184,613		\$184,613
128 Fraud Recovery	\$9,309	\$0	\$0	\$0	\$0	\$0	\$9,309		\$9,309
128.1 Allowance for Doubtful Accounts - Fraud	-\$9,309	\$0	\$0	\$0	\$0	\$0	-\$9,309		-\$9,309
120 Total Receivables, Net of Allowances for Doubtful	\$703,204	\$0	\$176,126	\$22,958	\$8,989	\$19,105	\$930,382	\$0	\$930,382
142 Prepaid Expenses and Other Assets	\$73,124	\$0	\$0	\$0	\$0	\$0	\$73,124		\$73,124
143 Inventories	\$12,301	\$0	\$0	\$0	\$0	\$0	\$12,301		\$12,301
143.1 Allowance for Obsolete Inventories	-\$1,230	\$0	\$0	\$0	\$0	\$0	-\$1,230		-\$1,230
144 Inter Program Due From	\$39,763	\$0	\$0	\$0	\$0	\$0	\$39,763	-\$39,763	\$0
150 Total Current Assets	\$1,450,893	\$44,744	\$258,797	\$22,958	\$78,642	\$19,105	\$1,875,139	-\$39,763	\$1,835,376
161 Land	\$439,459	\$0	\$0	\$0	\$306,010	\$0	\$745,469		\$745,469
162 Buildings	\$12,699,041	\$0	\$0	\$0	\$9,143,922	\$0	\$21,842,963		\$21,842,963
164 Furniture, Equipment & Machinery - Administration	\$445,678	\$0	\$0	\$0	\$215,401	\$0	\$661,079		\$661,079
166 Accumulated Depreciation	-\$11,855,187	\$0	\$0	\$0	-\$174,393	\$0	-\$12,029,580		-\$12,029,580
160 Total Capital Assets, Net of Accumulated	\$1,728,991	\$0	\$0	\$0	\$9,490,940	\$0	\$11,219,931	\$0	\$11,219,931
171 Notes, Loans and Mortgages Receivable - Non-	\$0	\$0	\$1,817,010	\$0	\$0	\$0	\$1,817,010		\$1,817,010
174 Other Assets	\$0	\$0	\$75,368	\$0	\$86,732	\$0	\$162,100		\$162,100
180 Total Non-Current Assets	\$1,728,991	\$0	\$1,892,378	\$0	\$9,577,672	\$0	\$13,199,041	\$0	\$13,199,041
290 Total Assets and Deferred Outflow of Resources	\$3,179,884	\$44,744	\$2,151,175	\$22,958	\$9,656,314	\$19,105	\$15,074,180	-\$39,763	\$15,034,417

(Continued)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Financial Data Schedule
As of and For the Year Ended September 30, 2019**

Submission Type: Audited/Single Audit

	Project Total	6.2 Component Unit - Blended	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.877 Public Housing Family Self- Sufficiency under ROSS	Subtotal	ELIM	Total
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$2,986	\$0	\$2,986		\$2,986
312 Accounts Payable <= 90 Days	\$6,067	\$0	\$1,244	\$0	\$1,173,896	\$0	\$1,181,207		\$1,181,207
321 Accrued Wage/Payroll Taxes Payable	\$13,430	\$0	\$0	\$1,041	\$0	\$1,259	\$15,730		\$15,730
322 Accrued Compensated Absences - Current Portion	\$47,153	\$0	\$0	\$0	\$0	\$0	\$47,153		\$47,153
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$16,460	\$0	\$16,460		\$16,460
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
341 Tenant Security Deposits	\$41,651	\$0	\$0	\$0	\$12,272	\$0	\$53,923		\$53,923
342 Unearned Revenue	\$2,323	\$0	\$0	\$0	\$55	\$0	\$2,378		\$2,378
343 Current Portion of Long-term Debt - Capital	\$0	\$0	\$0	\$0	\$4,678,583	\$0	\$4,678,583		\$4,678,583
344 Current Portion of Long-term Debt - Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
346 Accrued Liabilities - Other	\$30,414	\$0	\$0	\$0	\$13,675	\$0	\$44,089		\$44,089
347 Inter Program - Due To	\$0	\$0	\$0	\$21,917	\$0	\$17,846	\$39,763	-\$39,763	\$0
310 Total Current Liabilities	\$141,038	\$0	\$1,244	\$22,958	\$5,897,927	\$19,105	\$6,082,272	-\$39,763	\$6,042,509
351 Long-term Debt, Net of Current - Capital	\$0	\$0	\$0	\$0	\$1,832,504	\$0	\$1,832,504		\$1,832,504
353 Non-current Liabilities - Other	\$21,136	\$0	\$0	\$0	\$911,267	\$0	\$932,403		\$932,403
354 Accrued Compensated Absences - Non Current	\$68,661	\$0	\$0	\$0	\$0	\$0	\$68,661		\$68,661
355 Loan Liability - Non Current	\$0	\$0	\$462,000	\$0	\$0	\$0	\$462,000		\$462,000
350 Total Non-Current Liabilities	\$89,797	\$0	\$462,000	\$0	\$2,743,771	\$0	\$3,295,568	\$0	\$3,295,568
300 Total Liabilities	\$230,835	\$0	\$463,244	\$22,958	\$8,641,698	\$19,105	\$9,377,840	-\$39,763	\$9,338,077
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$1,728,991	\$0	\$0	\$0	\$2,979,853	\$0	\$4,708,844		\$4,708,844
511.4 Restricted Net Position	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
512.4 Unrestricted Net Position	\$1,220,058	\$44,744	\$1,687,931	\$0	-\$1,965,237	\$0	\$987,496		\$987,496
513 Total Equity - Net Assets / Position	\$2,949,049	\$44,744	\$1,687,931	\$0	\$1,014,616	\$0	\$5,696,340	\$0	\$5,696,340
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,179,884	\$44,744	\$2,151,175	\$22,958	\$9,656,314	\$19,105	\$15,074,180	-\$39,763	\$15,034,417

(Continued)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Financial Data Schedule
As of and For the Year Ended September 30, 2019**

Submission Type: Audited/Single Audit

	Project Total	6.2 Component Unit - Blended	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.877 Public Housing Family Self-Sufficiency under ROSS	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$596,942	\$0	\$0	\$0	\$234,182	\$0	\$831,124		\$831,124
70400 Tenant Revenue - Other	\$53,849	\$0	\$0	\$0	\$530	\$0	\$54,379		\$54,379
70500 Total Tenant Revenue	\$650,791	\$0	\$0	\$0	\$234,712	\$0	\$885,503	\$0	\$885,503
70600 HUD PHA Operating Grants	\$1,219,365	\$0	\$0	\$22,958	\$0	\$70,882	\$1,313,205		\$1,313,205
70610 Capital Grants	\$239,923						\$239,923		\$239,923
70750 Other Fees			\$111,813				\$111,813		\$111,813
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$422	\$0	\$30	\$0	\$0	\$0	\$452		\$452
71200 Mortgage Interest Income	\$0	\$0	\$43,067	\$0	\$0	\$0	\$43,067		\$43,067
71400 Fraud Recovery	\$4,796	\$0	\$0	\$0	\$0	\$0	\$4,796		\$4,796
71500 Other Revenue	\$20,234	\$44,744	\$0	\$0	\$1,620,709	\$0	\$1,685,687		\$1,685,687
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
70000 Total Revenue	\$2,135,531	\$44,744	\$154,910	\$22,958	\$1,855,421	\$70,882	\$4,284,446	\$0	\$4,284,446
91100 Administrative Salaries	\$212,819	\$0	\$59,397	\$0	\$0	\$0	\$272,216		\$272,216
91200 Auditing Fees	\$29,702	\$0	\$0	\$0	\$16,070	\$0	\$45,772		\$45,772
91300 Management Fee	\$0	\$0	\$0	\$0	\$19,604	\$0	\$19,604		\$19,604
91310 Book-keeping Fee	\$0	\$0	\$0	\$0	\$300	\$0	\$300		\$300
91400 Advertising and Marketing	\$625	\$0	\$0	\$0	\$1,680	\$0	\$2,305		\$2,305
91500 Employee Benefit contributions - Administrative	\$68,167	\$0	\$15,303	\$0	\$0	\$0	\$83,470		\$83,470
91600 Office Expenses	\$87,419	\$0	\$59	\$2,055	\$19,004	\$0	\$108,537		\$108,537
91700 Legal Expense	\$6,858	\$0	\$0	\$0	\$300	\$0	\$7,158		\$7,158
91800 Travel	\$11,482	\$0	\$0	\$0	\$0	\$0	\$11,482		\$11,482
91900 Other	\$119,428	\$0	\$8,643	\$0	\$28,612	\$0	\$156,683		\$156,683
91000 Total Operating - Administrative	\$536,500	\$0	\$83,402	\$2,055	\$85,570	\$0	\$707,527	\$0	\$707,527
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$33,931	\$0	\$0	\$16,008	\$0	\$42,920	\$92,859		\$92,859
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$10,868	\$0	\$0	\$3,271	\$0	\$18,554	\$32,693		\$32,693
92400 Tenant Services - Other	\$36,802	\$0	\$0	\$0	\$0	\$0	\$36,802		\$36,802
92500 Total Tenant Services	\$81,601	\$0	\$0	\$19,279	\$0	\$61,474	\$162,354	\$0	\$162,354

(Continued)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Financial Data Schedule
As of and For the Year Ended September 30, 2019**

Submission Type: Audited/Single Audit

	Project Total	6.2 Component Unit - Blended	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.877 Public Housing Family Self-Sufficiency under ROSS	Subtotal	ELIM	Total
93100 Water	\$3,935	\$0	\$0	\$0	\$2,124	\$0	\$6,059		\$6,059
93200 Electricity	\$54,101	\$0	\$0	\$0	\$18,905	\$0	\$73,006		\$73,006
93300 Gas	\$1,524	\$0	\$0	\$0	\$771	\$0	\$2,295		\$2,295
93600 Sewer	\$48,066	\$0	\$0	\$0	\$14,716	\$0	\$62,782		\$62,782
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
93000 Total Utilities	\$107,626	\$0	\$0	\$0	\$36,516	\$0	\$144,142	\$0	\$144,142
94100 Ordinary Maintenance and Operations - Labor	\$212,830	\$0	\$0	\$0	\$0	\$0	\$212,830		\$212,830
94200 Ordinary Maintenance and Operations - Materials and	\$260,549	\$0	\$0	\$0	\$293	\$0	\$260,842		\$260,842
94300 Ordinary Maintenance and Operations Contracts	\$173,180	\$0	\$0	\$0	\$27,095	\$0	\$200,275		\$200,275
94500 Employee Benefit Contributions - Ordinary Maintenance	\$68,171	\$0	\$0	\$0	\$0	\$0	\$68,171		\$68,171
94000 Total Maintenance	\$714,730	\$0	\$0	\$0	\$27,388	\$0	\$742,118	\$0	\$742,118
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$100	\$0	\$100		\$100
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$100	\$0	\$100	\$0	\$100
96110 Property Insurance	\$160,510	\$0	\$0	\$0	\$45,914	\$0	\$206,424		\$206,424
96120 Liability Insurance	\$25,908	\$0	\$0	\$0	\$0	\$0	\$25,908		\$25,908
96130 Workmen's Compensation	\$24,299	\$0	\$0	\$0	\$118	\$0	\$24,417		\$24,417
96140 All Other Insurance	\$80,178	\$0	\$0	\$0	\$56	\$0	\$80,234		\$80,234
96100 Total insurance Premiums	\$290,895	\$0	\$0	\$0	\$46,088	\$0	\$336,983	\$0	\$336,983
96200 Other General Expenses	\$12,776	\$0	\$0	\$0	\$327,919	\$0	\$340,695		\$340,695
96210 Compensated Absences	\$85,094	\$0	\$0	\$1,624	\$0	\$9,408	\$96,126		\$96,126
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96400 Bad debt - Tenant Rents	\$34,990	\$0	\$0	\$0	\$270	\$0	\$35,260		\$35,260
96000 Total Other General Expenses	\$132,860	\$0	\$0	\$1,624	\$328,189	\$9,408	\$472,081	\$0	\$472,081
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$139,193	\$0	\$139,193		\$139,193
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$139,193	\$0	\$139,193	\$0	\$139,193
96900 Total Operating Expenses	\$1,864,212	\$0	\$83,402	\$22,958	\$663,044	\$70,882	\$2,704,498	\$0	\$2,704,498

(Continued)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Financial Data Schedule
As of and For the Year Ended September 30, 2019**

Submission Type: Audited/Single Audit

	Project Total	6.2 Component Unit - Blended	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.877 Public Housing Family Self-Sufficiency under ROSS	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$271,319	\$44,744	\$71,508	\$0	\$1,192,377	\$0	\$1,579,948	\$0	\$1,579,948
97300 Housing Assistance Payments	\$27,732	\$0	\$0	\$0	\$0	\$0	\$27,732		\$27,732
97400 Depreciation Expense	\$393,556	\$0	\$0	\$0	\$177,761	\$0	\$571,317		\$571,317
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
90000 Total Expenses	\$2,285,500	\$0	\$83,402	\$22,958	\$840,805	\$70,882	\$3,303,547	\$0	\$3,303,547
10010 Operating Transfer In	\$297,584	\$0	\$0	\$0	\$0	\$0	\$297,584	-\$297,584	\$0
10020 Operating transfer Out	-\$297,584	\$0	\$0	\$0	\$0	\$0	-\$297,584	\$297,584	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0						\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0						\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$149,969	\$44,744	\$71,508	\$0	\$1,014,616	\$0	\$980,899	\$0	\$980,899
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$4,678,583	\$0	\$4,678,583		\$4,678,583
11030 Beginning Equity	\$3,099,018	\$0	\$1,616,423	\$0	\$1,014,616	\$0	\$5,730,057		\$5,730,057
11040 Prior Period Adjustments, Equity Transfers and	\$0	\$0	\$0	\$0	-\$1,014,616	\$0	-\$1,014,616		-\$1,014,616
11180 Housing Assistance Payments Equity									
11190 Unit Months Available	3012	0	0	0	306	0	3318		3318
11210 Number of Unit Months Leased	2994	0	0	0	290	0	3284		3284
11270 Excess Cash	\$1,049,174						\$1,049,174		\$1,049,174
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$152,796						\$152,796		\$152,796
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$87,127						\$87,127		\$87,127
11650 Leasehold Improvements Purchases	\$0						\$0		\$0

(Concluded)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Actual Capital Fund
Cost Certificate
September 30, 2019**

1. The actual Capital Fund costs is as follows:

		PROJECT
		LA48P092501-15
Funds Approved	\$	443,916
Funds Expended		<u>443,916</u>
Excess of Funds Approved		<u><u>-</u></u>
Funds Advanced		443,916
Funds Expended		<u>443,916</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

2. The distribution of costs by project as shown on the final schedule of Capital Fund program expenditures dated 06/11/2019 accompanying the actual Capital Fund cost certificate submitted to HUD for approval is in agreement with the PHA's records.

3. All Capital Fund program costs have been paid and all related liabilities have been discharged through payment.

**Housing Authority of the Parish of St. James
Lutcher, Louisiana**

**Actual Capital Fund
Cost Certificate
September 30, 2019**

1. The actual Capital Fund costs is as follows:

	PROJECT LA48E092501-16
Funds Approved	\$ 251,818
Funds Expended	251,818
Excess of Funds Approved	-
Funds Advanced	251,818
Funds Expended	251,818
Excess of Funds Advanced	\$ -

2. The distribution of costs by project as shown on the final schedule of Capital Fund program expenditures dated 04/19/2019 accompanying the actual Capital Fund cost certificate submitted to HUD for approval is in agreement with the PHA's records.

3. All Capital Fund program costs have been paid and all related liabilities have been discharged through payment.



ALLEN, GREEN & WILLIAMSON, LLP

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Ernest L. Allen, CPA
(Retired) 1963 - 2000

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 Auditor's Report

Board of Commissioners
Housing Authority of the Parish of St. James
Lutcher, 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 Parish of St. James, as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the basic financial statements of the Housing Authority of the Parish of St. James and have issued our report thereon dated March 30, 2020. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the Housing Authority's financial statements. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001.

The Housing Authority's Response to Findings

The Housing Authority's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and the Corrective Action Plan of the Current Year Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 30, 2020



ALLEN, GREEN & WILLIAMSON, LLP

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(Retired) 1963 - 2000

Report on Compliance For Each Major Federal Program; And Report on Internal Control Over Compliance; Required by the Uniform Guidance

Independent Auditor's Report

Board of Commissioners
Housing Authority of the Parish of St. James
Lutcher, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Parish of St. James' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended September 30, 2019. The 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The Housing Authority's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan for Current Year Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-002, that we consider to be a significant deficiency.

The Housing Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan for Current Year Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

March 30, 2020

**Housing Authority of the Parish of St. James
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019**

FEDERAL GRANTOR	<u>CFDA Number</u>	<u>Pass-through/ Grantor No.</u>	<u>Expenditures</u>
United States Department of Housing and Urban Development			
Direct Programs:			
Public and Indian Housing			
Operating Subsidy	14.850	LA09200000118D, LA09200000218D, LA09200000119D, LA09200000219D	\$ 921,781
Public Housing Capital Fund Program	14.872	LA48P092501-15, LA48P092501-16, LA48P092501-17, LA48P092501-18, LA48E092501-18,	537,507
Resident Opportunity and Supportive Services	14.870	ROSS191325	22,958
Public Housing Family Self Sufficiency	14.877	FSS17LA2081, FSS18LA2337	70,882
TOTAL FEDERAL AWARDS (Total Department of Housing and Urban Development)			<u>\$ 1,553,128</u>

The accompanying notes are an integral part of this schedule

Housing Authority of the Parish of St. James
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Housing Authority.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's financial statements. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's financial statements as follows:

	<u>Amount</u>
Operating revenues - federal grants	\$ 1,313,205
Capital contributions	239,923
Total	\$ 1,553,128

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - FEDERAL AWARDS For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. Federal awards do not include the Housing Authority operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

NOTE 6 - INDIRECT COST RATE The Housing Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Housing Authority of the Parish of St. James
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019**

PART I - Summary of the Auditor's Results

Financial statement audit

- i. The type of audit report issued was unmodified.
- ii. There were no significant deficiencies required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.
- iii. There was one instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There was one significant deficiency required to be disclosed by the Uniform Guidance (2 CFR 200). The significant deficiency was not considered to be a material weakness.
- v. The type of report the auditor issued on compliance for major programs was unmodified.
- vi. The audit disclosed one audit finding which the auditor is required to report under accordance with 2 CFR 200.516(a).
- vii. The major federal programs are:

CFDA# 14.850	Public and Indian Housing Program
--------------	-----------------------------------
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in in the Uniform Guidance was \$750,000.
- ix. The auditee does qualify as a low-risk auditee under the Uniform Guidance.

**Housing Authority of the Parish of St. James
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019**

Part II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: **2019-001** **Procurement**

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: The Louisiana Revised Statute 38:2212.1 requires that all purchases of material and supplies that exceed \$30,000 to be bid out and properly advertised in the Housing Authority’s official journal at least two times and for fifteen days before bid opening.

Condition found: When testing four purchases to determine if the Housing Authority purchased in accordance with State bid law, it was noted that one purchase for materials and supplies that exceeded \$30,000 was not properly advertised and bid out. Although it was not bid, the Housing Authority did obtain quotes.

Context: The finding is considered an isolated event.

Possible asserted effect (cause effect):

Cause: The auditor was unable to determine the cause.

Effect: The Housing Authority did not meet all state requirements related to public bid law.

Recommendations to prevent future occurrences: The Housing Authority should establish quality control procedures to ensure that all purchases that exceed the state limits are properly advertised and bid out.

Origination date and prior year reference (if applicable): This finding originated fiscal year ended September 30, 2019.

View of responsible official: As noted, this was an isolated event and while it is no excuse, there was confusion in the application of the State statute versus the increased Federal statute regarding the threshold for materials and supplies. This is why the required minimum of three (3) quotes were secured for the materials. The original quotes received for the purchased locks were included in our grant application to HUD dated May 28, 2018 for the Emergency Safety and Security Grant. This was a requirement for the grant application and the final quote as submitted with the grant for this item was \$29,165 with the final budget grant and we were subsequently awarded the grant of a total award of \$153,623 by written notification dated September 7, 2018. Once the grant documents were finalized and we were ready to begin procurement, staff contacted the vendor to begin the order process (as they understood and held the quote pending the outcome of the grant). The original base price quote of \$29,165 increased on March 3, 2019 due to an oversight in the original count for the total number of locks needed to complete the entire project. The type of lock was also advised to by our most recent UPCS/REAC inspector to upgrade the type of lock from passenger knob to passage lever. As a matter of oversight, and again based on the conflicting interpretation of the statutes, the final approval was provided to proceed without the formal bid process of advertising; and additional companies were requested to provide new quotes based on the upgraded equipment. Once quotes were received, staff was approved to issue a purchase order contract as the same vendor was the lowest based on the new specifications, but the final quote did exceed the State limits of \$30,000.

**Housing Authority of the Parish of St. James
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019**

Part III – Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance:

Reference # and title: **2019-002** **Test of Resident Files**

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Years</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Public and Indian Housing Program	14.850	2018 and 2019

Criteria or specific requirement: The Housing Authority must re-examine family income and composition at least once every 12 months and adjust the total rent as necessary according to 24 CFR sections 5.617 and 960.209. Changes in the rent calculation resulting from the re-examination should be reflected in the rental register. Each time the Housing Authority has an admission or re-examination, they are required to submit HUD form 50058 electronically to HUD. The resident files must contain the Form 50058 as well as the following pertinent information: social security cards, birth certificates, (or valid documentation of birth dates) and third party verifications of income, child care expenses and medical expenses.

Condition found: When testing twenty-five resident files, the following was noted:

- Two files had exceptions in which the 50058 income in regards to child support did not agree to supporting documentation. In both instances, the tenant would have paid less in rent than calculated.

Context: The finding is considered to be systemic.

Possible asserted effect (cause effect):

Cause: The Housing Authority had experienced change in personnel over resident files.

Effect: The Housing Authority’s controls over federal requirements regarding eligibility are weakened.

Recommendations to prevent future occurrences: The Housing Authority should strengthen their quality control procedures to ensure resident income is properly supported and calculated accurately.

Origination date and prior year reference (if applicable): This finding originated fiscal year ended September 30, 2019.

View of responsible official: Due to our recent restructuring where our agency now provides sub-management services through contract for the newly converted RAD properties that increased the case load responsibilities for the Leasing/Recertification staff that require the processing of a tax credit file as well as Project Based rental assistance (section 8 based funding), the Board approved an additional Specialist to be added to the budget to split the caseload. With new staff and training, there is room for growth and potential for minor oversight in some processes and procedures. The errors made in these two files were as a result of an oversight by the newest staff member where increased quality control, use of checklist and calculation worksheets will usually assist to catch and mitigate these type of errors. Unfortunately, these two errors were not caught and resulted in file calculation errors that appear to have been an oversight and not intentional nor are systematic. In applying the rules for income calculation, the staff member used the incorrect amount and was a mistake in application, not a failure to interpret the rules or a lack of knowledge of the rules. Usually these errors are a result of rushing and are not untypical of employees in training. However, it does prove there is a continued need for file review and use of checklists until next year’s audit can clear up these deficiencies.



**Summary of Prior Year Audit Findings and Questioned Costs
For the Year Ended September 30, 2019**

Reference # and title: **2018-001** **Late Submission of Audit Report to Legislative Auditor**

Entity-Wide or program/department specific: This finding is entity-wide.

Condition: R.S. 24:513 A(5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year.: The Housing Authority's audit report should be submitted to the Louisiana Legislative Auditor by March 31st each year.

The Housing Authority had converted two of its developments to the Rental Assistance Demonstration (RAD), which is allowed and encouraged by the U.S. Department of Housing and Urban Development. The conversion process changed the reporting of these two developments from funds of the Housing Authority to discretely presented component units. The Housing Authority needed additional time to incorporate the discretely presented component units' audited financial statements in order to present the Housing Authority as a whole. Therefore, the Housing Authority's audit report was not filed by the required deadline.

Corrective action taken: Final audit report submitted prior to extension expiration with all required information included. Additionally, the 2019 report will be submitted by the required time frame. This finding is considered cleared.

Reference # and title: **2018-002** **Reporting of the Capital Fund Program**

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Years</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Capital Fund Program	14.872	2014, 2015 2016 and 2017

Condition: Each Housing Authority that administers covered Capital Fund Program, regardless of the amount expended, must submit HUD-60002 information using the Section 3 Summary Reporting System (24 CFR sections 135.3(a)(1) and 135.90).

The Housing Authority did not submit the required HUD-60002 for the Capital Fund Program.

Corrective action taken: Form 60002 submitted to HUD for all open years as required as is evidenced in SPEARS. This finding is considered cleared.

Respectfully submitted,

Executive Director



**Corrective Action Plan for Current Year Findings and Questioned Costs
For the Year Ended September 30, 2019**

Reference # and title: 2019-001 Procurement

Entity-Wide or program/department specific: This finding is entity-wide.

Condition: The Louisiana Revised Statute 38:2212.1 requires that all purchases of material and supplies that exceed \$30,000 to be bid out and properly advertised in the Housing Authority’s official journal at least two times and for fifteen days before bid opening.

When testing four purchases to determine if the Housing Authority purchased in accordance with State bid law, it was noted that one purchase for materials and supplies that exceeded \$30,000 was not properly advertised and bid out. Although it was not bid, the Housing Authority did obtain quotes.

Corrective action plan: The Procurement Policy was updated in 2019 and the extensive checklist/worksheet that is used to cover all areas of procurement was not updated with the new federal and specifying the state limits for supplies when this purchase was finalized. Had this form been updated it might have prevented this oversight, but the same has been changed and is considered corrected immediately.

Person responsible for corrective action plan:

Dana Groover, Executive Director	Telephone:	225-869-3278
P O Box 208	Fax:	225-869-8552
Litcher, LA 70071	Email:	dgroover@stjameshousing.com

Anticipated completion date: Immediately.

Reference # and title: 2019-002 Test of Resident Files

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Years</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Public and Indian Housing Program	14.850	2018 and 2019

Condition: The Housing Authority must re-examine family income and composition at least once every 12 months and adjust the total rent as necessary according to 24 CFR sections 5.617 and 960.209. Changes in the rent calculation resulting from the re-examination should be reflected in the rental register. Each time the Housing Authority has an admission or re-examination, they are required to submit HUD form 50058 electronically to HUD. The resident files must contain the Form 50058 as well as the following pertinent information: social security cards, birth certificates, (or valid documentation of birth dates) and third party verifications of income, child care expenses and medical expenses.

Corrective Action Plan for Current Year Findings and Questioned Costs (Continued)

When testing twenty-five resident files, the following was noted:

- Two files had exceptions in which the 50058 income in regards to child support did not agree to supporting documentation. In both instances, the tenant would have paid less in rent than calculated.

Corrective action plan: Quality control by independent staff will continue; however after any files are included in audit the amount of the sample is increased. The monthly sample will increase by 10%. Once the oversight was discovered, the corrections were made and the same required additional interviews of the family. Post interview, there was no negative rent as the family failed to provide all sources of income. Newer staff will continue to use checklists and calculation worksheets along with an additional review by the supervisor of 1 out of every 3 completed actions reviewed for calculation oversight to try to intercept areas of concern to ensure all rent is accurate based on the verified information. Training will continue through video opportunities and possibly off-site training as well as peer training and provided by the Executive Director.

Person responsible for corrective action plan:

Dana Groover, Executive Director
P O Box 208
Lutcher, LA 70071

Telephone: 225-869-3278
Fax: 225-869-8552
Email: dgroover@stjameshousing.com

Anticipated completion date: Immediately.

Respectfully submitted,



Executive Director

Housing Authority of the Parish of St. James
Status of Prior Year Management Letter Items
September 30, 2019

2018-M1 **Resident Files and Rent Calculation**

Comment: The Housing Authority is required to review the residents' income on an annual basis. Through the re-examination process, the Housing Authority is required to receive and verify pertinent income and expense information to calculate the resident's monthly rent. In review of twenty-file resident files, there were three files with exceptions noted, which is as follows:

- One exception noted where there was not supporting documentation for child care costs reported.
- One exception noted in which the system did not change the resident's file to the updated amount.
- One exception noted in which the resident's income was not calculated correctly based on the support provided.

Recommendation: The Housing Authority should strengthen the quality control process to ensure the documentation is adequately maintained in the resident files as well as income and expenses are properly calculated.

Management's response: See current year finding 2019-002

2018-M2 **Employees' Time Records**

Comment: Best practices and good controls required that employees are adequately documenting their time worked. These records should be approved by the employee as well as the supervisor to certify the information being reported is correct. The Housing Authority had implemented a new system related to maintaining and documenting employees' time worked. When testing a sample of timesheets, it was noted that the employees and/or supervisors are not adequately approving and signing off on the time record.

Recommendation: The Housing Authority should establish a quality control system to ensure all employees as well as supervisors are adequately signing off as approval of the time records.

Management's response: Quality control of time and attendance records will continue. An immediate staff meeting was conducted to review the time and attendance policy. The implementation of the automated time recording system using Paychex resulted in some training and usage technical issues that resulted in incomplete approval by the employee (either when absent at the time of payroll or failing to approve his/her time prior to the actual close-out by the payroll clerk). We continue to work with Paychex to implement and make policy updates as needed as the automation of this function has saved the agency time and resources involved in maintaining the manual records. This item is considered cleared.

AGREED UPON PROCEDURES



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

Board Members
Housing Authority of the Parish of St. James
Lutcher, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Housing Authority of the Parish of St. James, Lutcher, Louisiana, and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended September 30, 2019. The Housing Authority's management is responsible for the control and compliance areas identified in these Statewide Agreed-Upon Procedures. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the reports. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Written Policies and Procedures

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

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

Comment: When reviewing the applicable written policies and procedures for the required elements, the following exceptions were noted:

- **Disaster Recovery/Business Continuity** – Did not include information related to (4) use of antivirus software of all systems

Management's Response: Policy will be immediately updated to incorporate this area into the existing policy. As this is included in practice and we have antivirus software that is updated and automatically run on each system to include the server, we will add this information and provide same for Board review and consideration in the next Board meeting.

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

- 2. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 3. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, 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.
4. Using the monthly statements or combined statements selected under #3 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

Payroll and Personnel

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

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance area 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance area 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 Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP
Monroe, Louisiana
March 30, 2020