

HOUSING AUTHORITY OF THE CITY OF
BOGALUSA, LOUISIANA

REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

YEAR ENDED SEPTEMBER 30, 2023

HOUSING AUTHORITY OF THE CITY OF
BOGALUSA, LOUISIANA

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Reports	1 - 7
Management's Discussion and Analysis (MD&A)	8 - 16
FINANCIAL STATEMENTS:	
Statement of Net Position	17 - 18
Statement of Revenues, Expenses and Changes in Net Position	19
Statement of Cash Flows	20 - 21
Notes to Financial Statements	22 - 41
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal Awards	42
Financial Data Schedule	43 - 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	50 - 52
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits and Other Payments to the Executive Director	53
<u>LOUISIANA LEGISLATIVE AUDITOR'S STATEWIDE AGREED-UPON PROCEDURES:</u>	
Report on Agreed-Upon Procedures (Louisiana Legislative Auditor's Office)	54 - 55
Addendum A – Description of Statewide Agreed-Upon Procedures	56 - 67
Addendum B – Agreed-Upon Procedures Corrective Action Plan	68

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Housing Authority of the City of Bogalusa (the Authority) as of and for the years ended September 30, 2023 and December 31, 2022, respectively, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the Authority as of September 30, 2023 and December 31, 2022, respectively, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

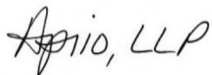
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 8 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying Schedule of Compensation, Benefits and Other Payments to the Executive Director is presented for the Office of the Louisiana Legislative Auditor's information and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards; Financial Data Schedule; and the Schedule of Compensation, Benefits and Other Payments to the Executive Director are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Birmingham, Alabama
March 21, 2024

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Bogalusa (the Authority), as of and for the years ended September 30, 2023 and December 31, 2022, respectively, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 21, 2024. Our report includes a reference to another auditor who audited the financial statements of Pine Trace Homes RAD I, LP; Pine Trace Homes RAD II, LP; and Cypress Pointe RAD, LP, discretely presented component units of the Authority, as described in our report on the Authority's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by the other auditor with respect to Pine Trace Homes RAD I, LP and Pine Trace Homes RAD II, LP. The financial statements of Cypress Pointe RAD, LP were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Cypress Pointe RAD, LP or that are reported on separately by that auditor who audited the financial statements of Cypress Pointe RAD, LP.

Report on Internal Control Over Financial Reporting

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

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

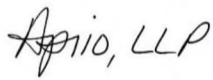
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be *material weaknesses* or *significant deficiencies*. Given these limitations, during our audit we did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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, slightly slanted style.

Birmingham, Alabama
March 21, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited the Housing Authority of the City of Bogalusa, Louisiana's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended September 30, 2023. The Authority's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

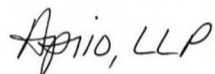
Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Birmingham, Alabama
March 21, 2024

**HOUSING AUTHORITY OF THE CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

Financial Highlights

- The Authority's net position increased by \$.2 million during 2023, and was \$12.3 million and \$12.5 million as of the fiscal years ended 2022 and 2023, respectively.

- Revenues increased \$.1 million during 2023, and were \$3.6 million and \$3.7 million for 2022 and 2023, respectively.

- Expenses remained relatively stable during 2023 compared to 2022, at \$3.4 million.

USING THIS ANNUAL REPORT

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

MD&A

*~ MANAGEMENT DISCUSSION
AND ANALYSIS ~*

BASIC FINANCIAL STATEMENTS

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

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

Authority-Wide Financial Statements

Statement of Net Position

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

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

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

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

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

Statement of Revenues, Expenses, and Changes in Net Position

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

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

Statement of Cash Flows

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

THE AUTHORITY'S PROGRAMS

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

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

- Magic City Housing and Development Corporation, a Blended Component Unit
- Emergency Housing Voucher Program

AUTHORITY-WIDE STATEMENTS

Condensed Statement of Net Position

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

TABLE 1
CONDENSED STATEMENT OF NET POSITION

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Assets and Deferred Outflows of Resources:			
Current and Restricted Assets	\$ 2,137,623	\$ 1,874,280	\$ 263,343
Capital Assets	239,072	251,106	(12,034)
Notes Receivable	10,619,000	10,619,000	-
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 12,995,695	\$ 12,744,386	\$ 251,309
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	\$ 26,767	\$ 35,438	\$ (8,671)
Non-Current Liabilities	29,557	8,522	21,035
Deferred Inflows of Resources	433,569	439,716	(6,147)
Total Liabilities and Deferred Inflows of Resources	\$ 489,893	\$ 483,676	\$ 6,217
Net Position:			
Net Investment in Capital Assets	\$ 239,072	\$ 251,106	\$ (12,034)
Restricted Net Position	24,693	53,212	(28,519)
Unrestricted Net Position	12,242,037	11,956,392	285,645
Total Net Position	\$ 12,505,802	\$ 12,260,710	\$ 245,092

Major Factors Affecting the Condensed Statement of Net Position

During 2023, current and restricted assets increased due primarily to an increase of unrestricted cash provided from operating activities. See the Statement of Cash Flows for additional detail on cash inflows and outflows.

Non-current liabilities increased due to an increase of accrued compensated absences.

Restricted net position decreased due to the expenditure of restricted cash reserves on housing assistance payments.

Table 2 presents details on the change in Unrestricted Net Position

TABLE 2

CHANGE IN UNRESTRICTED NET POSITION

Unrestricted Net Position, October 1, 2022	\$ 11,956,392
Results of Operations	236,857
Capital Asset Purchases	(12,745)
Interest Income	8,235
Net Housing Assistance Payments Funded with Restricted Reserves	28,519
Depreciation Expense	<u>24,779</u>
Unrestricted Net Position, September 30, 2023	<u><u>\$ 12,242,037</u></u>

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

TABLE 3

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Revenues:			
Operating Grants	\$ 3,316,573	\$ 3,201,848	\$ 114,725
Interest Income	8,235	1,552	6,683
Other Revenue	350,605	408,768	(58,163)
Total Revenues	<u>\$ 3,675,413</u>	<u>\$ 3,612,168</u>	<u>\$ 63,245</u>
Expenses:			
Administrative	\$ 343,155	\$ 368,463	\$ (25,308)
Utilities	11,346	7,492	3,854
Maintenance	14,105	8,641	5,464
General Expense	40,137	33,945	6,192
Depreciation	24,779	22,865	1,914
Housing Assistance Payments	2,996,799	2,929,143	67,656
Total Expenses	<u>\$ 3,430,321</u>	<u>\$ 3,370,549</u>	<u>\$ 59,772</u>
Increase (Decrease) in Net Position	<u>\$ 245,092</u>	<u>\$ 241,619</u>	<u>\$ 3,473</u>

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

Operating grants increased due to an increase of subsidies recognized under the Section 8 Housing Choice Voucher and Emergency Housing Voucher Programs. Other revenue decreased due predominantly to a reduction of revenues recognized from other housing authorities for Section 8 Housing Choice Voucher Program participants ported-in. Administrative expenses decreased due mainly to a reduction of personnel and related costs incurred. Housing assistance payments increased due primarily to increased rental rates.

Capital Assets

As of fiscal year-end, the Authority had \$.2 million invested in a variety of capital assets as reflected in the following schedule. For additional detail see the Notes to the Financial Statements.

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

	2023	2022	Variance	% Change
Buildings and Improvements	\$ 441,205	\$ 432,455	\$ 8,750	2%
Furniture and Equipment	297,746	293,751	3,995	1%
Accumulated Depreciation	(499,879)	(475,100)	(24,779)	5%
Net Capital Assets	\$ 239,072	\$ 251,106	\$ (12,034)	-5%

**TABLE 5
CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, October 1, 2022	\$ 251,106
Additions:	
Building Improvements	8,750
Equipment Purchases	3,995
Depreciation Expense	(24,779)
Ending Balance, September 30, 2023	\$ 239,072

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES

	Enterprise Fund	Discrete Component Units	Total Reporting Entity
<u>Current Assets</u>			
Cash	\$ 1,577,620	\$ 710,654	\$ 2,288,274
Accounts Receivable, Net	6,729	6,070	12,799
Investments	502,440	-	502,440
Prepaid Costs	26,141	172,546	198,687
Total Current Assets	<u>2,112,930</u>	<u>889,270</u>	<u>3,002,200</u>
<u>Restricted Assets</u>			
Cash	24,693	2,011,985	2,036,678
Total Restricted Assets	<u>24,693</u>	<u>2,011,985</u>	<u>2,036,678</u>
<u>Capital Assets</u>			
Land	-	841,684	841,684
Buildings and Improvements	441,205	38,818,058	39,259,263
Furniture and Equipment	297,746	4,789,538	5,087,284
	738,951	44,449,280	45,188,231
(Less): Accumulated Depreciation	<u>(499,879)</u>	<u>(3,573,236)</u>	<u>(4,073,115)</u>
Net Capital Assets	<u>239,072</u>	<u>40,876,044</u>	<u>41,115,116</u>
<u>Other Assets</u>			
Notes Receivable	10,619,000	-	10,619,000
Amortizable Fees, Net	-	157,803	157,803
Total Other Assets	<u>10,619,000</u>	<u>157,803</u>	<u>10,776,803</u>
Total Assets	<u>12,995,695</u>	<u>43,935,102</u>	<u>56,930,797</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,995,695</u>	<u>\$ 43,935,102</u>	<u>\$ 56,930,797</u>

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND NET POSITION

	Enterprise Fund	Discrete Component Units	Total Reporting Entity
<u>Current Liabilities</u>			
Accounts Payable	\$ 20,473	\$ 334,479	\$ 354,952
Accrued Wages and Payroll Taxes	655	-	655
Accrued Compensated Absences	5,639	-	5,639
Accrued Interest Payable	-	1,805	1,805
Tenant Security Deposits	-	62,841	62,841
Unearned Revenue	-	7,170	7,170
Current Portion of Capital Debt	-	162,947	162,947
Total Current Liabilities	26,767	569,242	596,009
<u>Non-current Liabilities</u>			
Long Term Capital Debt	-	31,222,296	31,222,296
Accrued Interest Payable	-	3,673,545	3,673,545
Accrued Compensated Absences	29,557	-	29,557
Total Non-current Liabilities	29,557	34,895,841	34,925,398
Total Liabilities	56,324	35,465,083	35,521,407
Deferred Inflows of Resources - Leases	433,569	-	433,569
Total Liabilities and Deferred Inflows of Resources	489,893	35,465,083	35,954,976
<u>Net Position</u>			
Net Investment in Capital Assets	239,072	9,490,801	9,729,873
Restricted Net Position	24,693	2,011,985	2,036,678
Unrestricted Net Position	12,242,037	(3,032,767)	9,209,270
Total Net Position	12,505,802	8,470,019	20,975,821
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 12,995,695	\$ 43,935,102	\$ 56,930,797

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Fund	Discrete Component Units	Total Reporting Entity
<u>Operating Revenues</u>			
Tenant Rent Revenue	\$ -	\$ 2,912,055	\$ 2,912,055
Operating Grants	3,316,573	-	3,316,573
Other Revenue	350,605	91,338	441,943
Total Operating Revenues	<u>3,667,178</u>	<u>3,003,393</u>	<u>6,670,571</u>
<u>Operating Expenses</u>			
Administrative	343,155	568,339	911,494
Utilities	11,346	173,936	185,282
Maintenance	14,105	631,614	645,719
General Expenses	40,137	502,578	542,715
Housing Assistance Payments	2,996,799	-	2,996,799
Depreciation	24,779	1,529,512	1,554,291
Total Operating Expenses	<u>3,430,321</u>	<u>3,405,979</u>	<u>6,836,300</u>
Operating Income (Loss)	<u>236,857</u>	<u>(402,586)</u>	<u>(165,729)</u>
<u>Non-Operating Revenue (Expense)</u>			
Interest Income	8,235	1,694	9,929
Interest Expense	-	(1,836,547)	(1,836,547)
Organizational Costs	-	(76,946)	(76,946)
Total Non-Operating Revenue (Expense)	<u>8,235</u>	<u>(1,911,799)</u>	<u>(1,903,564)</u>
Increase (decrease) before Capital Contributions	<u>245,092</u>	<u>(2,314,385)</u>	<u>(2,069,293)</u>
Capital Contributions from Partners	-	3,378,891	3,378,891
Increase (Decrease) in Net Position	245,092	1,064,506	1,309,598
Net Position, Beginning	12,260,710	7,405,513	19,666,223
Net Position, Ending	<u>\$ 12,505,802</u>	<u>\$ 8,470,019</u>	<u>\$ 20,975,821</u>

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Fund	Discrete Component Units	Total Reporting Entity
<u>Cash flows from operating activities:</u>			
Cash Received from Dwelling Rent	\$ -	\$ 2,971,820	\$ 2,971,820
Cash Received from Operating Grants	3,316,573	-	3,316,573
Cash Received from Other Sources	68,096	5,705	73,801
Developer Fees Received from the Discrete Component Units	293,366	-	293,366
Cash Payments for Salaries and Benefits	(211,801)	(397,630)	(609,431)
Cash Payments to Vendors and Landlords	(848,823)	(1,353,255)	(2,202,078)
Rental Subsidies Paid to the Discrete Component Units	(2,337,910)	-	(2,337,910)
Net cash provided (used) by operating activities	<u>279,501</u>	<u>1,226,640</u>	<u>1,506,141</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital Outlay	(12,745)	(106,015)	(118,760)
Proceeds from the issuance of Capital Debt	-	5,712,883	5,712,883
Principal, Interest and Fees Paid on Capital Debt	-	(9,519,107)	(9,519,107)
Contributions from Partners	-	3,378,891	3,378,891
Net cash provided (used) by capital and related financing activities	<u>(12,745)</u>	<u>(533,348)</u>	<u>(546,093)</u>
<u>Cash flows from investing activities:</u>			
Interest Earned from Cash and Investments	8,235	1,694	9,929
Investment in Certificates of Deposit	(52,440)	-	(52,440)
Organizational Costs	-	(76,946)	(76,946)
Net cash provided (used) by investing activities	<u>(44,205)</u>	<u>(75,252)</u>	<u>(119,457)</u>
Net Increase in Cash and Restricted Cash	222,551	618,040	840,591
Total Cash and Restricted Cash, Beginning of Year	<u>1,379,762</u>	<u>2,104,599</u>	<u>3,484,361</u>
Total Cash and Restricted Cash, End of Year	<u>\$ 1,602,313</u>	<u>\$ 2,722,639</u>	<u>\$ 4,324,952</u>

Continued on next page

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Enterprise Fund</u>	<u>Discrete Component Units</u>	<u>Total Reporting Entity</u>
<u>Reconciliation of cash and restricted cash presented on the Statement of Net Position, to ending cash and restricted cash presented above on the Statement of Cash Flows:</u>			
Cash	\$ 1,577,620	\$ 710,654	\$ 2,288,274
Restricted Cash	24,693	2,011,985	2,036,678
Cash and Restricted Cash, End of Year	<u>\$ 1,602,313</u>	<u>\$ 2,722,639</u>	<u>\$ 4,324,952</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating Income (Loss)	\$ 236,857	\$ (402,586)	\$ (165,729)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and Amortization	24,779	1,545,355	1,570,134
Bad Debt Expense	-	33,446	33,446
Change in Accounts Receivable (Tenants)	-	(34,425)	(34,425)
Change in Accounts Receivable (Other)	10,857	5,592	16,449
Change in Prepaid Costs	791	(44,883)	(44,092)
Change in Accounts Payable - Operating	708	121,176	121,884
Change in Accrued Personnel Expenses	11,656	-	11,656
Change in Unearned Revenue (Tenants)	-	2,852	2,852
Change in Security Deposits Held	-	113	113
Change in Deferred Land Lease Revenue	(6,147)	-	(6,147)
Net cash provided (used) by operating activities	<u>\$ 279,501</u>	<u>\$ 1,226,640</u>	<u>\$ 1,506,141</u>

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

BOGALUSA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Cash and Investments

Cash consisted of cash in checking accounts. Investments consisted of certificates of deposit.

Prepaid Costs

Prepaid costs consisted of insurance payments applicable to fiscal year 2024.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets

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

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

Authority management has assessed the carrying values of capital asset balances as of September 30, 2023, and as of March 21, 2024. No significant capital asset value impairments exist as of the noted dates.

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

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

The Partnerships' management has assessed the carrying values of capital asset balances as of December 31, 2022, and as of March 21, 2024. No significant capital asset value impairments exist as of the noted dates.

Amortizable Fees

Amortizable fees consisted of tax credit fees of \$195,232, reported net of accumulated amortization of \$37,429. Tax credit fees are amortized over a 10-year period using the straight-line method.

Accounts Payable

The Authority's accounts payable balance consisted of \$20,473 of amounts due to vendors and service providers. The discretely presented component units' accounts payable balance consisted of \$150,634 due to vendors and service providers and \$183,845 due to the Authority for administrative fees.

Unearned Revenue

The discretely presented component units recognize revenues as earned. Funds received before the component units are eligible to apply them are recorded as a liability under unearned revenue. As of December 31, 2022, unearned revenue consisted of prepaid dwelling rent.

Debt Issuance Costs

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows and Inflows of Resources

A Deferred Outflow of Resources is a consumption of assets by the Authority that is applicable to a future reporting period. Conversely, a Deferred Inflow of Resources is an acquisition of assets by the Authority that is applicable to a future reporting period. The Authority did not have any deferred outflows as of September 30, 2023. Deferred inflows consisted of deferred land lease rental revenue. See Note K for additional details regarding deferred inflows of resources.

Revenue Accounting Policies

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

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

Cost Allocation

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

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

All items of taxable income are passed through to and are reported by its individual partners on their respective income tax returns. The Partnerships are required to file and do file tax returns with the Internal Revenue Service. These financial statements do not reflect a provision for income taxes and the Partnerships have no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnerships are subject to examination by the Internal Revenue Service for a period of three years. The Partnerships were formed during 2017. As of the date of this Report, the Partnerships are subject to tax examinations for tax years 2021 through 2023.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - REPORTING ENTITY DEFINITION

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

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

Blended Component Unit

Magic City Housing and Development Corporation (the Corporation/ a *Blended Component Unit*) is a related not-for-profit Louisiana corporation, which was created to assist the Authority and its affiliates in developing low-moderate income housing in and near the Bogalusa community. The Corporation's Board of Directors consists of the Board of Commissioners of the Authority. The Corporation's fiscal year end is September 30 and its financial balances as of and for the fiscal year ended September 30, 2023 have been consolidated into the Authority's financial statements. The consolidated financial balances and activity are also reported in the '6.2 Component Unit – Blended' column of the attached supplemental Financial Data Schedule. The Corporation does not issue separate, stand-alone financial statements.

Discretely Presented Component Units (the Partnerships)

Pine Trace Homes RAD I, LP (PTHRI, LPI a *Discrete Component Unit*) is a limited partnership formed in 2017 to acquire, own and operate a 92-unit rental property in Bogalusa known as Pine Trace Homes RAD I Apartments. The project was developed and operates under the low-income housing tax credit program. PTHRI, LP's year end is December 31 and a copy of its financial statements as of December 31, 2022, and for the year then ended can be obtained by contacting the Authority at PO Box 1113 Bogalusa, Louisiana 70427. Due to its fiscal dependence on the Authority and the existence of a financial benefit or burden relationship, the PTHRI, LP's financial balances as of December 31, 2022, and transactions for the period then ended are reported discretely with the financial statements of the Authority.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - REPORTING ENTITY DEFINITION - Continued

Discretely Presented Component Units (the Partnerships) - Continued

Pine Trace Homes RAD II, LP (PTHRII, LPI a *Discrete Component Unit*) is a limited partnership formed in 2017 to acquire, own and operate a 140-unit rental property in Bogalusa known as Pine Trace Homes RAD II Apartments. The project was developed and operates under the low-income housing tax credit program. PTHRII, LP's year end is December 31 and a copy of its financial statements as of December 31, 2022, and for the year then ended can be obtained by contacting the Authority at PO Box 1113 Bogalusa, Louisiana 70427. Due to its fiscal dependence on the Authority and the existence of a financial benefit or burden relationship, the PTHRII, LP's financial balances as of December 31, 2022, and transactions for the period then ended are reported discretely with the financial statements of the Authority.

Cypress Pointe RAD, LP (CPR, LPI a *Discrete Component Unit*) is a limited partnership formed in 2017 to acquire, own and operate a 112-unit rental property in Bogalusa known as Cypress Pointe RAD Apartments. The project was developed and operates under the low-income housing tax credit program. CPR, LP's year end is December 31 and a copy of its financial statements as of December 31, 2022, and for the year then ended can be obtained by contacting the Authority at PO Box 1113 Bogalusa, Louisiana 70427. Due to its fiscal dependence on the Authority and the existence of a financial benefit or burden relationship, the CPR, LP's financial balances as of December 31, 2022, and transactions for the period then ended are reported discretely with the financial statements of the Authority.

NOTE C - CASH AND INVESTMENT DEPOSITS

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

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

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

The Authority's cash consisted of funds held in interest-bearing checking accounts totaling a reconciled balance of \$1,602,313. Investments consisted of two certificates of deposit yielding interest of .40% and .50%, totaling \$502,440.

The Authority's deposit balances with financial institutions totaled \$2,118,124 and were secured as follows:

	Bank Deposits
Insured by FDIC	\$ 1,406,536
Collateralized with specific securities in the Authority's name which are held by a third-party financial institution	374,593
Uncollateralized	336,995
	<u>\$ 2,118,124</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE C - CASH DEPOSITS - Continued

The Authority's uncollateralized deposits consisted of non-federal funds held by Magic City Housing Development Corporation, the blended component unit. The Corporation maintains deposit balances with four commercial banks. These balances can exceed the FDIC insured deposit limit of \$250,000 per financial institution. As of September 30, 2023, the Corporation's deposit balances exceeded the FDIC limits by \$336,995. The Corporation has not experienced any losses through March 21, 2024, the date the financial statements were available to be issued.

The Partnerships' cash and cash equivalents consisted of funds held in checking accounts totaling a reconciled balance of \$2,722,639.

Cash and cash equivalents were insured up to \$250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2022, \$959,871 of the Partnerships' deposit balances were uninsured. The Partnerships have not experienced any losses through March 21, 2024.

NOTE D – CONCENTRATION OF RISK

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

NOTE E - CONTRACTUAL COMMITMENTS

The Authority did not have any outstanding long-term contractual commitments of significance as of September 30, 2023. The Partnerships did not have any outstanding long-term contractual commitments of significance as of December 31, 2022.

NOTE F – SIGNIFICANT ESTIMATES

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

NOTE G – RISK MANAGEMENT

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE H – RESTRICTED ASSETS AND NET POSITION

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

Funds held for Housing Assistance Payments \$ 24,693

The Partnerships' restricted assets and net position consisted of the following as of the end of December 31, 2022:

	<u>PTH RAD I, LP</u>	<u>PTH RAD II, LP</u>	<u>CP RAD, LP</u>	<u>Total DCU's</u>
Replacement reserves	\$ 114,202	\$ 153,328	\$ 332,248	\$ 599,778
Operating reserves	328,368	492,717	433,236	1,254,321
Escrow deposits	<u>46,327</u>	<u>55,509</u>	<u>56,050</u>	<u>157,886</u>
Total Restricted Assets	<u>\$ 488,897</u>	<u>\$ 701,554</u>	<u>\$ 821,534</u>	<u>\$ 2,011,985</u>

NOTE I – CAPITAL ASSETS

A summary of the Authority's capital asset balances as of, and activity for the fiscal year ended September 30, 2023, is as follows:

	<u>October 1, 2022</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers and</u> <u>Disposals</u>	<u>September 30, 2023</u> <u>Balance</u>
Buildings and Improvements	\$ 432,455	\$ 8,750	\$ -	\$ 441,205
Furniture and Equipment	<u>293,751</u>	<u>3,995</u>	<u>-</u>	<u>297,746</u>
Total Capital Assets	726,206	12,745	-	738,951
Less Accumulated Depreciation				
Buildings and Improvements	(217,890)	(21,737)	-	(239,627)
Furniture and Equipment	<u>(257,210)</u>	<u>(3,042)</u>	<u>-</u>	<u>(260,252)</u>
Net Book Value	<u>\$ 251,106</u>	<u>\$ (12,034)</u>	<u>\$ -</u>	<u>\$ 239,072</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE I – CAPITAL ASSETS - Continued

A summary of the Partnerships' capital asset balances as of December 31, 2022, is as follows:

	<u>PTH RAD I, LP</u>	<u>PTH RAD II, LP</u>	<u>CP RAD, LP</u>	<u>TOTAL</u>
Land	\$ 90,085	\$ 251,471	\$ 500,128	\$ 841,684
Buildings and Improvements	10,663,968	12,827,422	15,326,668	38,818,058
Furniture and Equipment	877,332	1,019,611	2,892,595	4,789,538
Less: Accumulated Depreciation	<u>(1,162,389)</u>	<u>(1,170,892)</u>	<u>(1,239,955)</u>	<u>(3,573,236)</u>
Total Capital Assets	<u>\$ 10,468,996</u>	<u>\$ 12,927,612</u>	<u>\$ 17,479,436</u>	<u>\$ 40,876,044</u>

A summary of the Partnerships' capital asset activity for the year ended December 31, 2022, is as follows:

	<u>January 1, 2022</u>		<u>Transfers and</u>	<u>December 31, 2022</u>
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Land	\$ 841,684	\$ -	\$ -	\$ 841,684
Total Assets not being Depreciated	841,684	-	-	841,684
Buildings and Improvements	38,783,682	34,376	-	38,818,058
Furniture and Equipment	<u>4,718,045</u>	<u>71,493</u>	<u>-</u>	<u>4,789,538</u>
Total Capital Assets	44,343,411	105,869	-	44,449,280
Less Accumulated Depreciation	<u>(2,043,724)</u>	<u>(1,529,512)</u>	<u>-</u>	<u>(3,573,236)</u>
Net Book Value	<u>\$ 42,299,687</u>	<u>\$ (1,423,643)</u>	<u>\$ -</u>	<u>\$ 40,876,044</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE J – NOTE RECEIVABLE

A summary of the Authority's notes receivable as of September 30, 2023, is as follows:

Due from Pine Trace RAD I, LP		
Credit Note dated October 2018, matures October 2060	\$ 2,452,000	
Land Note dated October 2018, matures October 2060	73,000	
Cash Note dated October 2018, matures October 2060	1,300,000	
Accrued Interest, 6.50% compounded annually on principal and interest	1,400,113	
Allowance against Accrued Interest	(1,400,113)	3,825,000
<hr/>		
Due from Pine Trace RAD II, LP		
Credit Note dated November 2018, matures November 2060	\$ 1,965,000	
Land Note dated November 2018, matures November 2060	195,000	
Cash Note dated November 2018, matures November 2060	1,500,000	
Accrued Interest, 7.75% compounded annually on principal and interest	1,577,040	
Allowance against Accrued Interest	(1,577,040)	3,660,000
<hr/>		
Due from Cypress Pointe RAD, LP		
Credit Note dated October 2019, matures October 2061	\$ 2,100,000	
Cash Note dated October 2019, matures October 2061	1,034,000	
Accrued Interest, 6.50% compounded annually on principal and interest	1,107,473	
Allowance against Accrued Interest	(1,107,473)	3,134,000
<hr/>		
Notes Receivable		\$ 10,619,000
		<hr/> <hr/>

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

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE K – LAND LEASES

Pine Trace Homes RAD I, LP

On October 31, 2018, the Authority entered into a Ground Lease Agreement with Pine Trace Homes RAD I, LP, under which the Authority leased land to the Partnership for a term of 75 years and total rent of \$73,000. Upon execution of the lease, the Authority received consideration for the lease in the form of a promissory note in the amount of \$73,000. The promissory note is separate from and independent of the lease agreement, and therefore, management considers the total rent amount of \$73,000 stated in the lease agreement to have been satisfied upon the issuance and receipt of the promissory note. During fiscal year 2023, the Authority recognized rent revenue applicable to the lease of \$973 and has deferred recognition of \$68,215 of the rent as of September 30, 2023, which is reported as a deferred inflow of resources in the Statement of Net Position.

Pine Trace Homes RAD II, LP

On November 29, 2018, the Authority entered into a Ground Lease Agreement with Pine Trace Homes RAD II, LP, under which the Authority leased land to the Partnership for a term of 75 years and total rent of \$195,000. Upon execution of the lease, the Authority received consideration for the lease in the form of a promissory note in the amount of \$195,000. The promissory note is separate from and independent of the lease agreement, and therefore, management considers the total rent amount of \$195,000 stated in the lease agreement to have been satisfied upon the issuance and receipt of the promissory note. During fiscal year 2023, the Authority recognized rent revenue applicable to the lease of \$2,600 and has deferred recognition of \$182,433 of the rent as of September 30, 2023, which is reported as a deferred inflow of resources in the Statement of Net Position.

Cypress Pointe RAD, LP

On October 31, 2019, the Authority entered into a Ground Lease Agreement with Cypress Pointe RAD, LP, under which the Authority leased land to the Partnership for a term of 75 years and total rent of \$193,000. Upon execution of the lease, the Authority received consideration for the lease in the form of a prepayment of \$193,000. During fiscal year 2023, the Authority recognized rent revenue applicable to the lease of \$2,574 and has deferred recognition of \$182,921 of the rent as of September 30, 2023, which is reported as a deferred inflow of resources in the Statement of Net Position.

NOTE L – DEFINED CONTRIBUTION RETIREMENT PLAN

The Authority provides retirement benefits for all of its eligible full-time employees through a defined contribution plan, known as the Housing Agency Retirement Trust Plan, administered by Mercer. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes 6.5% of the eligible employees' base salaries, and employees are required to contribute 5% to the plan. Contributions and allocated investment earnings are fully vested after 5 years of continuous service. During 2023, the Authority made the required contributions in the amount of \$6,846, and there were no significant unpaid pension liabilities outstanding as of September 30, 2023.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE M – ACCRUED COMPENSATED ABSENCES

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

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

A summary of the Authority's accrued compensated absences liability balance as of September 30, 2023, and activity for the fiscal year then ended is as follows:

	<u>October 1,</u> <u>2022 Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>September 30,</u> <u>2023 Balance</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 24,195	\$ 18,640	\$ 7,639	\$ 35,196	\$ 5,639
Less: Current portion	<u>(15,673)</u>			<u>(5,639)</u>	
Non-current Liabilities	<u>\$ 8,522</u>	<u>\$ 18,640</u>	<u>\$ 7,639</u>	<u>\$ 29,557</u>	<u>\$ 5,639</u>

NOTE N – COMMITMENTS AND CONTINGENCIES

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – NON-CURRENT LIABILITIES (Partnerships)

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

<u>Creditor and Description</u>	<u>Interest Rate</u>	<u>Payment Terms</u>	<u>Maturity</u>	<u>Principal Balance</u>	<u>Interest Payable</u>
Permanent Loan due to Bellweather Enterprise Real Estate Capital, LLC; dated October 2021; original principal amount of \$3,431,900; collateralized by first mortgage on the applicable property/apartment complex	5.13%	Monthly payments of \$16,845 through maturity	October 2058	\$ 3,227,108	\$ -
HOME Loan due the Louisiana Housing Corporation; dated October 2018; original principal amount of \$1,000,000; collateralized by third mortgage on the applicable property/apartment complex	5.10%	Annual payments from available Net Cash Flows	October 2060	1,000,000	146,538
Credit Note payable to HACB; dated October 2018; original principal amount of \$2,452,000; collateralized by subordinate mortgage on the applicable property/apartment complex	6.50%	Annual payments from available Net Cash Flows	October 2060	2,452,000	749,099
Land Note payable to HACB; dated October 2018; original principal amount of \$73,000; collateralized by subordinate mortgage on the applicable property/apartment complex	6.50%	Annual payments from available Net Cash Flows	October 2060	73,000	22,302
Cash Note payable to HACB; dated October 2018; original principal amount of \$1,300,000; collateralized by subordinate mortgage on the applicable property/apartment complex	6.50%	Annual payments from available Net Cash Flows	October 2060	1,300,000	397,156
Notes and Interest Payable - Pine Trace Homes RAD I, LP				<u>\$ 8,052,108</u>	<u>\$ 1,315,095</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – NON-CURRENT LIABILITIES (Partnerships) – Continued

<u>Creditor and Description</u>	<u>Interest Rate</u>	<u>Payment Terms</u>	<u>Maturity</u>	<u>Principal Balance</u>	<u>Interest Payable</u>
Permanent Loan due to Bellweather Enterprise Real Estate Capital, LLC; dated May 2021; original principal amount of \$5,000,000; collateralized by first mortgage on the applicable property/apartment complex	5.18%	Monthly payments of \$24,709 through maturity	November 2058	\$ 4,739,713	\$ -
HOME Loan due the Louisiana Housing Corporation; dated November 2018; original principal amount of \$1,000,000; collateralized by third mortgage on the applicable property/apartment complex	5.10%	Annual payments from available Net Cash Flows	November 2060	1,000,000	162,334
Credit Note payable to HACB; dated November 2018; original principal amount of \$1,965,000; collateralized by subordinate mortgage on the applicable property/apartment complex	7.75%	Annual payments from available Net Cash Flows	November 2060	1,965,000	702,778
Land Note payable to HACB; dated November 2018; original principal amount of \$195,000; collateralized by subordinate mortgage on the applicable property/apartment complex	7.75%	Annual payments from available Net Cash Flows	November 2060	195,000	69,741
Cash Note payable to HACB; dated November 2018; original principal amount of \$1,500,000; collateralized by subordinate mortgage on the applicable property/apartment complex	7.75%	Annual payments from available Net Cash Flows	November 2060	1,500,000	536,472
Notes and Interest Payable - Pine Trace Homes RAD II, LP				\$ 9,399,713	\$ 1,471,325

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – NON-CURRENT LIABILITIES (Partnerships) – Continued

<u>Creditor and Description</u>	<u>Interest Rate</u>	<u>Payment Terms</u>	<u>Maturity</u>	<u>Principal Balance</u>	<u>Interest Payable</u>
Permanent Loan due to Cedar Rapids Bank and Trust Company; dated May 2022; original principal amount of \$5,000,000; collateralized by first mortgage on the applicable property/apartment complex	Variable	Monthly payments through maturity	May 2040	\$ 4,773,912	\$ 1,805
Credit Note payable to HACB; dated October 2019; original principal amount of \$2,100,000; collateralized by subordinate mortgage on the applicable property/apartment complex	8.00%	Annual payments from available Net Cash Flows	October 2061	2,100,000	590,682
Cash Note payable to HACB; dated October 2019; original principal amount of \$1,034,000; collateralized by subordinate mortgage on the applicable property/apartment complex	8.00%	Annual payments from available Net Cash Flows	October 2061	1,034,000	290,841
CDBG Loan payable to the LA Office of Community Development; dated October 2019; original principal amount of \$4,579,878; collateralized by the applicable property/apartment complex	0.00%	Interest only through maturity	May 2060	4,350,884	-
Notes and Interest Payable - Cypress Pointe RAD, LP				<u>\$ 12,258,796</u>	<u>\$ 883,328</u>
Total DCU's Notes and Interest Payable				<u>\$ 29,710,617</u>	<u>\$ 3,669,748</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – NON-CURRENT LIABILITIES (Partnerships) – Continued

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

As of December 31, 2022, Pine Trace Homes RAD I, LP's permanent loan had an outstanding principal balance of \$3,369,828 and is reported net of unamortized debt issuance costs of \$142,720. Future debt service obligations are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance Due</u>
2023	29,966	172,174	\$ 3,339,862
2024	31,540	170,600	3,308,322
2025	33,196	168,944	3,275,126
2026	34,940	167,200	3,240,186
2027	36,775	165,365	3,203,411
2028 - 2032	214,960	795,740	2,988,451
2033 - 2037	277,662	733,038	2,710,789
2038 - 2042	358,654	652,046	2,352,135
2043 - 2047	463,270	547,430	1,888,865
2048 - 2052	598,403	412,297	1,290,462
2053 - 2057	772,952	237,748	517,510
2058	517,510	19,276	-
Total Payments	<u>\$ 3,369,828</u>	<u>\$ 4,241,858</u>	<u>\$ -</u>

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

As of December 31, 2022, Pine Trace Homes RAD II, LP's permanent loan had an outstanding principal balance of \$4,914,194 and is reported net of unamortized debt issuance costs of \$174,481. Future debt service obligations are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance Due</u>
2023	42,962	253,546	\$ 4,871,232
2024	45,242	251,266	4,825,990
2025	47,642	248,866	4,778,348
2026	50,170	246,338	4,728,178
2027	52,831	243,677	4,675,347
2028 - 2032	309,288	1,173,252	4,366,059
2033 - 2037	400,501	1,082,039	3,965,558
2038 - 2042	518,613	963,927	3,446,945
2043 - 2047	671,558	810,982	2,775,387
2048 - 2052	869,609	612,931	1,905,778
2053 - 2057	1,126,066	356,474	779,712
2058	779,712	31,888	-
Total Payments	<u>\$ 4,914,194</u>	<u>\$ 6,275,186</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – NON-CURRENT LIABILITIES (Partnerships) – Continued

Cypress Pointe RAD, LP - Permanent Loan from Cedar Rapids Bank and Trust Company

As of December 31, 2022, Cypress Pointe RAD, LP's permanent loan had an outstanding principal balance of \$4,968,810 and is reported net of unamortized debt issuance costs of \$194,898. Future debt service obligations are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance Due</u>
2023	56,101	269,907	\$ 4,912,709
2024	59,242	266,766	4,853,467
2025	62,559	263,449	4,790,908
2026	66,061	259,947	4,724,847
2027	69,760	256,248	4,655,087
2028 - 2032	411,946	1,218,094	4,243,141
2033 - 2037	540,920	1,089,119	3,702,221
2038 - 2040	3,702,221	649,757	-
Total Payments	\$ 4,968,810	\$ 4,273,287	\$ -

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

	<u>Principal</u>
2060	\$ 13,835,884
2061	3,134,000
	\$ 16,969,884

A summary of the Partnerships' long-term liability balances as of December 31, 2022, and activity for the year then ended is as follows:

	<u>January 1, 2022 Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2022 Balance</u>	<u>Due Within One Year</u>
Notes Payable	\$ 32,311,476	\$ 5,712,883	\$ 8,313,742	\$ 29,710,617	\$ 129,029
Developer Fees Payable	2,108,425	-	433,799	1,674,626	33,918
Accrued Interest Payable	2,716,099	1,808,699	849,448	3,675,350	1,805
Less: Current portion	(8,391,055)			(164,752)	
Non-current Liabilities	\$ 28,744,945			\$ 34,895,841	\$ 164,752

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P – BLENDED COMPONENT UNIT – CONDENSED FINANCIAL STATEMENTS

Condensed Statement of Net Position

	MCHDC 9/30/2023
Assets	
Current assets	\$ 1,547,961
Notes receivable	10,619,000
Total assets	12,166,961
Deferred Inflows of Resources	
Deferred Inflows of Resources - Leases	433,569
Total Deferred Inflows of Resources	433,569
Net position	
Unrestricted net position	11,733,392
Total net position	\$ 11,733,392

Condensed Statement of Revenues, Expenses and Changes in Net Position

	MCHDC FY Ended 9/30/2023
Revenues	
Operating revenues	\$ 307,305
Interest income	4,970
Total revenues	312,275
Expenses	
Administrative and general	73,213
Maintenance and Utilities	17,312
Total expenses	90,525
Increase of net position	221,750
Beginning net position	11,520,392
Transfer to the S8HCVP	(8,750)
Ending net position	\$ 11,733,392

NOTES TO FINANCIAL STATEMENTS – CONTINUED

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

Condensed Statement of Cash Flows

	MCHDC FY Ended 9/30/2023
From all operating activities	\$ 207,412
Used by all investing activities	<u>(56,220)</u>
Increase in cash	151,192
Beginning cash	<u>890,916</u>
Ending cash	<u>\$ 1,042,108</u>

NOTE Q – DISCRETE COMPONENT UNITS – CONDENSED FINANCIAL STATEMENTS

Condensed Statement of Net Position

	PTH RAD I, LP 12/31/2022	PTH RAD II, LP 12/31/2022	CP RAD, LP 12/31/2022	Total DCU's 12/31/2022
Assets				
Current and restricted assets	\$ 749,850	\$ 1,154,772	\$ 996,633	\$ 2,901,255
Capital assets	10,468,996	12,927,612	17,479,436	40,876,044
Other assets	21,031	90,884	45,888	157,803
Total assets	<u>11,239,877</u>	<u>14,173,268</u>	<u>18,521,957</u>	<u>43,935,102</u>
Liabilities				
Current liabilities	93,753	140,237	151,407	385,397
Current liabilities due to the Authority	67,137	32,950	83,758	183,845
Non-current liabilities	4,343,680	6,178,063	10,396,027	20,917,770
Non-current liabilities due to the Authority	4,993,557	4,968,991	4,015,523	13,978,071
Total liabilities	<u>9,498,127</u>	<u>11,320,241</u>	<u>14,646,715</u>	<u>35,465,083</u>
Net position				
Net investment in capital assets	2,416,888	3,214,523	3,859,390	9,490,801
Restricted net position	488,897	701,554	821,534	2,011,985
Unrestricted net position	(1,164,035)	(1,063,050)	(805,682)	(3,032,767)
Total net position	<u>\$ 1,741,750</u>	<u>\$ 2,853,027</u>	<u>\$ 3,875,242</u>	<u>\$ 8,470,019</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

	PTH RAD I, LP FY Ended 12/31/2022	PTH RAD II, LP FY Ended 12/31/2022	CP RAD, LP FY Ended 12/31/2022	Total DCU's FY Ended 12/31/2022
Revenues				
Operating revenue	\$ 745,734	\$ 1,115,942	\$ 1,141,717	\$ 3,003,393
Investment income	391	679	624	1,694
Total revenues	746,125	1,116,621	1,142,341	3,005,087
Expenses				
Operating expenses	483,226	695,598	602,385	1,781,209
Operating expenses to the Authority	16,883	15,450	62,925	95,258
Interest Expense	226,584	343,061	302,222	871,867
Interest Expense to the Authority	308,742	357,398	298,540	964,680
Financing Fees	17,003	24,791	35,152	76,946
Depreciation	366,346	447,151	716,015	1,529,512
Total expenses	1,418,784	1,883,449	2,017,239	5,319,472
Increase of net position	(672,659)	(766,828)	(874,898)	(2,314,385)
Beginning net position	2,209,805	3,338,506	1,857,202	7,405,513
Prior Period Adjustment	-	-	-	-
Contributions	204,604	281,349	2,892,938	3,378,891
Ending net position	\$ 1,741,750	\$ 2,853,027	\$ 3,875,242	\$ 8,470,019

Condensed Statement of Cash Flows

	PTH RAD I, LP FY Ended 12/31/2022	PTH RAD II, LP FY Ended 12/31/2022	CP RAD, LP FY Ended 12/31/2022	Total DCU's FY Ended 12/31/2022
From (used by) all operating activities	\$ 264,840	\$ 419,550	\$ 542,250	\$ 1,226,640
From (used by) all capital activities	(165,607)	(347,106)	(20,635)	(533,348)
From (used by) all investing activities	(16,612)	(24,112)	(34,528)	(75,252)
Net increase (decrease) of cash and restricted cash	82,621	48,332	487,087	618,040
Beginning cash and restricted cash	617,363	1,047,721	439,515	2,104,599
Ending cash and restricted cash	\$ 699,984	\$ 1,096,053	\$ 926,602	\$ 2,722,639

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE R – DIFFERENT REPORTING STANDARDS

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

If the financial statements of the Discrete Component Units were prepared in accordance with GAGAS, they would have adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement amends or supersedes the accounting and financial reporting guidance for certain items previously reported as assets or liabilities, including debt issuance costs. Under GASBS No. 65, debt issuance costs are to be reported as an expense as incurred, rather than reported as a direct reduction of the applicable debt. As of December 31, 2022, the Discrete Component Units reported unamortized debt issuance costs of \$512,099 as a reduction of note payable liabilities.

If the Discrete Component Units' financial statements were prepared in accordance with GAGAS, including the adoption of GASBS No. 65, liabilities would have been \$512,099 more than (and net position less than) what is currently being reported in these financial statements.

NOTE S – RELATED PARTY TRANSACTIONS - RENTAL ASSISTANCE

During fiscal year 2023, the Authority provided rental assistance funding to Pine Trace Homes RAD I, LP of \$639,580; Pine Trace Homes RAD II, LP of \$921,337 and Cypress Pointe RAD, LP of \$776,993.

Total rental assistance funding provided to the Partnerships in the amount of \$2,337,910 is reported as housing assistance payments expense in the Statement of Revenues, Expenses and Changes in Net Position.

NOTE T – SUBSEQUENT EVENTS

In preparing the financial statements, management evaluated subsequent events through March 21, 2024, the date the financial statements were available to be issued. Management has determined that no significant subsequent events have occurred which require disclosure in the financial statements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

<u>Grantor Program or Cluster Title</u>	<u>Federal Assistance Listing No.</u>	<u>Pass-through Entity Identifying No.</u>	<u>Federal Expenditures</u>
Housing Choice Voucher Cluster:			
Section 8 Housing Choice Voucher Program	14.871	N/A	\$ 3,198,042
Emergency Housing Voucher Program	14.EHV	N/A	<u>118,531</u>
TOTAL HUD EXPENDITURES			<u>3,316,573</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 3,316,573</u>

NOTE 1 – BASIS OF PRESENTATION

The above Schedule of Expenditures of Federal Awards includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2023. The information on this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial net position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – AWARDS PASSED-THROUGH TO SUBRECIPIENTS

No federal award funds were passed-through to subrecipient grantees during the fiscal year ended September 30, 2023.

NOTE 4 – NON-MONETARY FEDERAL AWARDS ASSISTANCE

The Authority did not receive or expend non-monetary federal awards assistance during the fiscal year ended September 30, 2023.

NOTE 5 – INDIRECT COST RATE

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

Housing Authority of the City of Bogalusa (LA024)

BOGALUSA, LA

Entity Wide Balance Sheet Summary

Fiscal Year

End: 09/30/2023

	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
111 Cash - Unrestricted	\$ 1,042,108	\$ 502,560	\$ 32,952	\$ 1,577,620	\$ 647,813	2,225,433
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-
113 Cash - Other Restricted	-	24,693	-	24,693	2,011,985	2,036,678
114 Cash - Tenant Security Deposits	-	-	-	-	62,841	62,841
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-
100 Total Cash	\$ 1,042,108	\$ 527,253	\$ 32,952	\$ 1,602,313	\$ 2,722,639	\$ 4,324,952
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	6,729	-	6,729	2,159	8,888
126 Accounts Receivable - Tenants	-	-	-	-	3,911	3,911
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-
128 Fraud Recovery	-	18,210	-	18,210	-	18,210
128.1 Allowance for Doubtful Accounts - Fraud	-	(18,210)	-	(18,210)	-	(18,210)
129 Accrued Interest Receivable	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ -	\$ 6,729	\$ -	\$ 6,729	\$ 6,070	\$ 12,799
131 Investments - Unrestricted	502,440	-	-	502,440	-	502,440
132 Investments - Restricted	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	3,413	22,728	-	26,141	172,546	198,687
143 Inventories	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-
150 Total Current Assets	\$ 1,547,961	\$ 556,710	\$ 32,952	\$ 2,137,623	\$ 2,901,255	\$ 5,038,878

Housing Authority of the City of Bogalusa (LA024)

BOGALUSA, LA

Entity Wide Balance Sheet Summary

Fiscal Year

End: 09/30/2023

	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
161 Land	-	-	-	-	841,684	841,684
162 Buildings	-	441,205	-	441,205	38,818,058	39,259,263
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	4,789,538	4,789,538
164 Furniture, Equipment & Machinery - Administration	-	297,746	-	297,746	-	297,746
165 Leasehold Improvements	-	-	-	-	-	-
166 Accumulated Depreciation	-	(499,879)	-	(499,879)	(3,573,236)	(4,073,115)
167 Construction in Progress	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	\$ -	\$ 239,072	\$ -	\$ 239,072	\$ 40,876,044	\$ 41,115,116
171 Notes, Loans and Mortgages Receivable - Non-Current	10,619,000	-	-	10,619,000	-	10,619,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-
174 Other Assets	-	-	-	-	157,803	157,803
180 Total Non-Current Assets	\$ 10,619,000	\$ 239,072	\$ -	\$ 10,858,072	\$ 41,033,847	\$ 51,891,919
200 Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290 Total Assets and Deferred Outflow of Resources	\$ 12,166,961	\$ 795,782	\$ 32,952	\$ 12,995,695	\$ 43,935,102	\$ 56,930,797
311 Bank Overdraft	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	10,482	-	10,482	33,514	43,996
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	655	-	655	-	655
322 Accrued Compensated Absences - Current Portion	-	5,639	-	5,639	-	5,639
324 Accrued Contingency Liability	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	1,805	1,805
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-

Housing Authority of the City of Bogalusa (LA024)

BOGALUSA, LA

Entity Wide Balance Sheet Summary

Fiscal Year

End: 09/30/2023

	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
333 Accounts Payable - Other Government	-	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	62,841	62,841
342 Unearned Revenue	-	-	-	-	7,170	7,170
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	162,947	162,947
345 Other Current Liabilities	-	9,991	-	9,991	247,733	257,724
346 Accrued Liabilities - Other	-	-	-	-	53,232	53,232
347 Inter Program - Due To	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-
310 Total Current Liabilities	\$ -	\$ 26,767	\$ -	\$ 26,767	\$ 569,242	\$ 596,009
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	31,222,296	31,222,296
353 Non-current Liabilities - Other	-	-	-	-	3,673,545	3,673,545
354 Accrued Compensated Absences - Non Current	-	29,557	-	29,557	-	29,557
355 Loan Liability - Non Current	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-
350 Total Non-Current Liabilities	\$ -	\$ 29,557	\$ -	\$ 29,557	\$ 34,895,841	\$ 34,925,398
300 Total Liabilities	\$ -	\$ 56,324	\$ -	\$ 56,324	\$ 35,465,083	\$ 35,521,407
400 Deferred Inflow of Resources	\$ 433,569	\$ -	\$ -	\$ 433,569	\$ -	\$ 433,569
508.4 Net Investment in Capital Assets	-	239,072	-	239,072	9,490,801	9,729,873
511.4 Restricted Net Position	-	24,693	-	24,693	2,011,985	2,036,678
512.4 Unrestricted Net Position	11,733,392	475,693	32,952	12,242,037	(3,032,767)	9,209,270
513 Total Equity - Net Assets / Position	\$ 11,733,392	\$ 739,458	\$ 32,952	\$ 12,505,802	\$ 8,470,019	\$ 20,975,821
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 12,166,961	\$ 795,782	\$ 32,952	\$ 12,995,695	\$ 43,935,102	\$ 56,930,797

Housing Authority of the City of Bogalusa (LA024)

BOGALUSA, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 09/30/2023

	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ 2,859,707	2,859,707
70400 Tenant Revenue - Other	-	-	-	-	52,348	52,348
70500 Total Tenant Revenue	\$ -	\$ -	\$ -	\$ -	\$ 2,912,055	\$ 2,912,055
70600 HUD PHA Operating Grants	-	3,198,042	118,531	3,316,573	-	3,316,573
70610 Capital Grants	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-
70700 Total Fee Revenue	\$ -	\$ 3,198,042	\$ 118,531	\$ 3,316,573	\$ -	\$ 3,316,573
70800 Other Government Grants	-	-	-	-	-	-
71100 Investment Income - Unrestricted	4,970	3,265	-	8,235	1,694	9,929
71200 Mortgage Interest Income	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-
71500 Other Revenue	307,305	43,300	-	350,605	91,338	441,943
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-
70000 Total Revenue	\$ 312,275	\$ 3,244,607	\$ 118,531	\$ 3,675,413	\$ 3,005,087	\$ 6,680,500
91100 Administrative Salaries	19,491	121,999	-	141,490	138,420	279,910
91200 Auditing Fees	-	29,300	-	29,300	22,818	52,118
91300 Management Fee	-	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	187,898	187,898
91400 Advertising and Marketing	-	-	-	-	5,402	5,402
91500 Employee Benefit contributions - Administrative	-	63,327	-	63,327	21,401	84,728

Housing Authority of the City of Bogalusa (LA024)

BOGALUSA, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 09/30/2023

	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
91600 Office Expenses	13,079	40,644	-	53,723	59,750	113,473
91700 Legal Expense	2,844	-	-	2,844	47,870	50,714
91800 Travel	3,614	968	-	4,582	16,925	21,507
91810 Allocated Overhead	-	-	-	-	-	-
91900 Other	29,901	4,029	13,959	47,889	43,732	91,621
91000 Total Operating - Administrative	\$ 68,929	\$ 260,267	\$ 13,959	\$ 343,155	\$ 544,216	\$ 887,371
92000 Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ 24,123	\$ 24,123
92100 Tenant Services - Salaries	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-
92400 Tenant Services - Other	-	-	-	-	-	-
92500 Total Tenant Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93100 Water	248	-	100	348	74,091	74,439
93200 Electricity	6,929	3,326	150	10,405	34,452	44,857
93300 Gas	191	-	-	191	426	617
93400 Fuel	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-
93600 Sewer	402	-	-	402	64,967	65,369
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-
93000 Total Utilities	\$ 7,770	\$ 3,326	\$ 250	\$ 11,346	\$ 173,936	\$ 185,282
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	206,348	206,348
94200 Ordinary Maintenance and Operations - Materials and Other	-	42	-	42	87,420	87,462
94300 Ordinary Maintenance and Operations Contracts	9,542	4,521	-	14,063	306,385	320,448
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	31,461	31,461
94000 Total Maintenance	\$ 9,542	\$ 4,563	\$ -	\$ 14,105	\$ 631,614	\$ 645,719

Housing Authority of the City of Bogalusa (LA024)

BOGALUSA, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 09/30/2023

	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
95100 Protective Services - Labor	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-
95000 Total Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96110 Property Insurance	-	2,955	-	2,955	306,513	309,468
96120 Liability Insurance	1,157	1,504	-	2,661	-	2,661
96130 Workmen's Compensation	-	5,972	-	5,972	4,904	10,876
96140 All Other Insurance	3,127	5,569	-	8,696	7,578	16,274
96100 Total insurance Premiums	\$ 4,284	\$ 16,000	\$ -	\$ 20,284	\$ 318,995	\$ 339,279
96200 Other General Expenses	-	193	1,020	1,213	188,047	189,260
96210 Compensated Absences	-	18,640	-	18,640	-	18,640
96300 Payments in Lieu of Taxes	-	-	-	-	39,036	39,036
96400 Bad debt - Tenant Rents	-	-	-	-	33,446	33,446
96500 Bad debt - Mortgages	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-
96000 Total Other General Expenses	\$ -	\$ 18,833	\$ 1,020	\$ 19,853	\$ 260,529	\$ 280,382
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	302,222	302,222
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	1,534,325	1,534,325
96700 Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ 1,836,547	\$ 1,836,547
96900 Total Operating Expenses	\$ 90,525	\$ 302,989	\$ 15,229	\$ 408,743	\$ 3,789,960	\$ 4,198,703
97000 Excess of Operating Revenue over Operating Expenses	\$ 221,750	\$ 2,941,618	\$ 103,302	\$ 3,266,670	\$ (784,873)	\$ 2,481,797
97100 Extraordinary Maintenance	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-

Housing Authority of the City of Bogalusa (LA024)

BOGALUSA, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 09/30/2023

	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Total Enterprise Fund	6.1 Component Unit - Discretely Presented	Total Reporting Entity
97300 Housing Assistance Payments	-	2,856,935	104,314	2,961,249	-	2,961,249
97350 HAP Portability-In	-	35,550	-	35,550	-	35,550
97400 Depreciation Expense	-	24,779	-	24,779	1,529,512	1,554,291
97500 Fraud Losses	-	-	-	-	-	-
90000 Total Expenses	\$ 90,525	\$ 3,220,253	\$ 119,543	\$ 3,430,321	\$ 5,319,472	\$ 8,749,793
10010 Operating Transfer In	-	-	-	-	-	-
10020 Operating transfer Out	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	3,378,891	3,378,891
10100 Total Other financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ 3,378,891	\$ 3,378,891
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 221,750	\$ 24,354	\$ (1,012)	\$ 245,092	\$ 1,064,506	\$ 1,309,598
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	\$ 11,520,392	\$ 706,354	\$ 33,964	\$ 12,260,710	\$ 7,405,513	\$ 19,666,223
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(8,750)	8,750	-	-	-	-
11170 Administrative Fee Equity	\$ -	\$ 714,765	\$ -	\$ 714,765	\$ -	\$ 714,765
11180 Housing Assistance Payments Equity	\$ -	\$ 24,693	\$ -	\$ 24,693	\$ -	\$ 24,693
11190 Unit Months Available	-	4,818	146	4,964	4,128	9,092
11210 Number of Unit Months Leased	-	4,818	146	4,964	3,727	8,691
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620 Building Purchases	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2023

Section I: Summary of Auditors' Results:

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal Control over financial reporting:

Are material weaknesses identified? Yes No

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

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

FEDERAL AWARDS

Internal control over Major Programs:

Are material weaknesses identified? Yes No

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

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

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

Identification of Major Programs:

<u>Name of Federal Program</u>	<u>Assistance Listing No.</u>
Section 8 Housing Choice Voucher Program (HCV Cluster)	14.871
Emergency Housing Voucher Program (HCV Cluster)	14.EHV

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

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

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2023

Section II: Financial Statement Findings:

Summary Schedule of Prior Year Findings:

Finding 2022-001 – Failure to Implement Recent Accounting Statement

Condition

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

Current Year Status

The Authority accounted-for for its leases under GASBS No. 87 as applicable to fiscal year 2023. There were no new accounting statements applicable to fiscal year 2023. This Finding is not restated.

Finding 2022-002 – Omission of Revenue from Financial Statements

Condition

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

Reply

The Authority appropriately accounted-for its developer fee payments received during fiscal year 2023. This Finding is not restated.

Current Year Findings:

None

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2023

Section III: Federal Award Findings and Questioned Costs:

Summary Schedule of Prior Year Findings:

None

Current Year Findings and Questioned Costs:

None

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA

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

YEAR ENDED SEPTEMBER 30, 2023

EXPENDITURE PURPOSE

Salary	<u>\$ 73,184</u>
Benefits - Insurance	<u>13,421</u>
Benefits - Retirement	<u>4,488</u>
Benefits - Life	<u>842</u>
Per Diem	<u>112</u>
Travel	<u>2,709</u>
Registration Fees	<u>511</u>
Total Compensation, Benefits and Other Payments	<u><u>\$ 95,267</u></u>

Agency Head: Vonda Waskom, Executive Director

Basis of Presentation:

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period of October 1, 2022 through September 30, 2023. The Housing Authority of the City of Bogalusa's (the Authority's) management is responsible for those C/C areas identified in the SAUPs.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUP's for the period of October 1, 2022 through September 30, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

The associated results and conclusions are as follows:

Written Policies and Procedures

Applicable Written Policies and Procedures business functions outlined in Addendum A (attached) were addressed and adhered to.

Board

The Board meetings minutes or other documentation did not include a reference to a review of budget-to-actual comparisons at least quarterly. The other applicable Board function outlined in Addendum A (attached) was addressed and adhered to.

Bank Reconciliations

Bank reconciliations do not include evidence of a review by a member of management or a board member who does not handle cash, post to ledgers or issue checks. The other applicable Bank Reconciliation function outlined in Addendum A (attached) was addressed and adhered to.

Collections

Applicable Collections functions outlined in Addendum A (attached) were addressed and adhered to.

Disbursements

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

Credit Cards

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

Travel and Expense Reimbursement

Travel and Expense Reimbursement functions outlined in Addendum A (attached) were addressed and adhered to.

Contracts

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

Payroll and Personnel

Payroll and Personnel functions outlined in Addendum A (attached) were addressed and adhered to.

Ethics

The Authority was unable to provide documentation demonstrating the completion of ethics training for one of the sampled employees. Documentation was provided demonstrating completion of ethics training by the other sampled employees. The other applicable Ethics functions outlined in Addendum A (attached) were addressed and adhered to. There were no changes to the Ethics Policy during fiscal year 2023.

Debt Service

The Authority did not enter into any debt agreements during fiscal year 2023. The Authority did not have any loans, notes or bonds outstanding during fiscal year 2023 or as of fiscal year-end.

Fraud Notice

Applicable Fraud Notice functions outlined in Addendum A (attached) were addressed and adhered to.

Information Technology Disaster Recovery/Business Continuity

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

Sexual Harassment

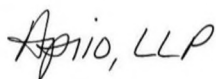
Sexual Harassment functions outlined in Addendum A (attached) were addressed and adhered to.

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

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

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

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



Birmingham, Alabama
March 21, 2024

ADDENDUM A

PROCEDURES

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

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:⁴
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **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.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **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).
 - v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

⁴ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. **Ethics⁵**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee⁶

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

⁵ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

⁶ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁷, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁸ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.⁹

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts¹⁰ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post

⁷Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

⁸ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁹ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

¹⁰ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

- ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)¹¹

- A. Obtain a listing of deposit sites¹² for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹³ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

¹¹ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

¹² A deposit site is a physical location where a deposit is prepared and reconciled.

¹³ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.¹⁴
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt¹⁵ at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;

¹⁴ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

¹⁵ As required by Louisiana Revised Statute 39:1212.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card

- numbers and the names of the persons who maintained possession of the cards¹⁶. Obtain management's representation that the listing is complete.
- B. 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
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection)¹⁷. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

7) Travel and Travel-Related Expense Reimbursements¹⁸ (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid

¹⁶ Including cards used by school staff for either school operations or student activity fund operations.

¹⁷ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

¹⁸ Non-travel reimbursements are not required to be inspected under this category.

expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁹ (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

¹⁹ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials²⁰ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials²¹ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

²⁰ "Officials" would include those elected, as well as board members who are appointed.

²¹ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

10) Ethics²²

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service²³

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice²⁴

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative

²² The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

²³ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

²⁴ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

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

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

14) Prevention of Sexual Harassment²⁵

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

²⁵ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

ADDENDUM B

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR, STATE-WIDE AGREED-UPON PROCEDURES

CORRECTIVE ACTION PLAN

SEPTEMBER 30, 2023

Board

The Board will review budget-to-actual financial comparisons at least quarterly.

Bank Reconciliations

The Authority will include, on bank reconciliations, evidence of a review by a member of management or a board member who does not handle cash, post to ledgers or issue checks.

Ethics

Authority employees will complete required ethics training each calendar year. The Authority maintain documentation of each employee's completion of required ethics training each calendar year.