

**HOUSING AUTHORITY OF THE
TOWN OF FARMERVILLE
Farmerville, Louisiana**

**MANAGEMENT'S DISCUSSION & ANALYSIS
AND AUDITED FINANCIAL STATEMENTS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Revenues, Expenses, and Changes in Net Position	10
Statement of Cash Flows	11
Notes to Financial Statements	12-19
SUPPLEMENTAL INFORMATION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	20-21
Status of Prior Audit Findings	22
Schedule of Findings and Questioned Costs	22
Financial Data Submission Summary – Net Position Accounts	23-24
Financial Data Submission Summary – Statement of Revenues, Expenses and Changes in Net Position Accounts	25-26
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	27
STATEWIDE AGREED-UPON PROCEDURES	
Independent Accountant's Report on Applying Agreed-Upon Procedures	28-36

**HOUSING AUTHORITY OF THE
TOWN OF FARMERVILLE
Farmerville, Louisiana**

**REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the Town of Farmerville
Farmerville, Louisiana 71723

HUD – New Orleans Office
501 Magazine 9th Floor
New Orleans, Louisiana 70130

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Housing Authority of the Town of Farmerville as of and for the year ended September 30, 2022, and the related notes to the financial statements which collectively comprise the Housing Authority of the Town of Farmerville's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Town of Farmerville, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the Town of Farmerville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Farmerville'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 Housing Authority of the Town of Farmerville's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Farmerville's basic financial statements. The accompanying Financial Data Schedules and Special Reports required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and Special Reports 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 February 16, 2023, on our consideration of the Housing Authority of the Town of Farmerville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Town of Farmerville'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 Housing Authority of the Town of Farmerville's internal control over financial reporting and compliance.

Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Loganville, Georgia
February 16, 2023

**HOUSING AUTHORITY OF THE
TOWN OF FARMERVILLE
Farmerville, Louisiana**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE MANAGEMENT'S DISCUSSION & ANALYSIS FISCAL YEAR ENDED SEPTEMBER 30, 2022

This section of the Authority's annual financial report presents Management's analysis of the Authority's financial performance during the Fiscal Year Ended September 30, 2022.

FINANCIAL HIGHLIGHTS AND CONCLUSIONS

The Housing Authority of the Town of Farmerville had a good year as illustrated by the outcome of its fiscal year operations. Total Net Position increased by \$33,025 or 6.30%. The financial indicators continue to maintain an above average score as established by the Real Estate Assessment Center (REAC). Based on management's calculation of the financial score, the Authority should receive a designation of "high performer" under the Financial Assessment Sub System (FASS).

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Authority report information using accounting methods similar to those used by private sector companies (Enterprise Fund).

The Statement of Net Position (Balance Sheet) includes all of the Authority's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The current year's revenues, expenses, and changes in net position are accounted for in the Statement of Revenues, Expenses and Change in Net Position. This statement measures the success of the Authority's operations over the past fiscal year.

The purpose of the Statement of Cash Flows is to provide information about the Authority's cash receipts and disbursements during the reporting period. The statement reports net changes in cash resulting from operations.

FINANCIAL ANALYSIS OF THE AUTHORITY

One question frequently asked about an Authority's finances is "Did the Authority's operations and financial position improve or deteriorate over the previous fiscal year?" The Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position report information about the Authority's activities and are summarized in the following sections.

To begin our analysis, a summary of the Authority's Statement of Net Position is presented in Table I, which follows.

Housing Authority of the Town of Farmerville
Comparative Statement of Net Position
TABLE I

	2022	2021	Total Change	% Change
Current Assets	\$ 288,203	\$ 226,747	\$ 61,456	27.10%
Capital Assets	317,237	348,440	(31,203)	-8.96%
Total Assets	\$ 605,440	\$ 575,187	\$ 30,253	5.26%
Current Liabilities	\$ 47,814	\$ 50,586	\$ (2,772)	-5.48%
Noncurrent Liabilities	-	-	-	0.00%
Total Liabilities	47,814	50,586	(2,772)	-5.48%
Investment in Capital Assets	317,237	348,440	(31,203)	-8.96%
Unrestricted	240,389	176,161	64,228	36.46%
Total Net Position	557,626	524,601	33,025	6.30%
Total Liabilities & Net Position	\$ 605,440	\$ 575,187	\$ 30,253	5.26%

Total assets increased by \$30,253 or 5.26%. Current assets increased by \$61,456 or 27.10% due primarily to an increase in cash and cash equivalents of \$53,624 or 26.01%, as shown on the Statement of Cash Flows. Accounts receivable increased by \$5,587 or 114.75% due to an increase in amounts due from HUD of \$7,916. Prepaid expenses also increased by \$2,245 or 14.26% due to the timing of payments. Capital assets decreased by \$31,203 or 8.96%, which was due to depreciation expense exceeding capital additions during the year.

Total liabilities decreased by \$2,772 or 5.48% due to the timing of payments and prepaid rents at year-end.

As illustrated in the above Comparative Statement of Net Position, the overall Net Position of the Authority increased by \$33,025 or 6.3%.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position breaks down our revenues and expenses further.

Table II, which follows, provides a comparative statement of these changes in Net Position.

**Housing Authority of the Town of Farmerville
Comparative Statement of Revenues, Expenses and Changes in Net Position**

TABLE II

	2022	2021	Total Change	% Change
Tenant Revenue	\$ 107,435	\$ 89,071	\$ 18,364	20.62%
Grant Funding	175,603	165,229	10,374	6.28%
Interest Income	106	123	(17)	-13.82%
Other Income	5,433	426	5,007	1175.35%
Total Revenue	288,577	254,849	33,728	13.23%
Administration	92,052	80,114	11,938	14.90%
Tenant Services	-	3,120	(3,120)	-100.00%
Utilities	3,181	2,758	423	15.34%
Maintenance	64,851	52,055	12,796	24.58%
General	46,408	44,458	1,950	4.39%
Depreciation	49,060	47,165	1,895	4.02%
Total Expenses	255,552	229,670	25,882	11.27%
Change in Net Position	33,025	25,179	7,846	31.16%
Beginning Net Position	524,601	499,422	25,179	5.04%
Ending Net Position	\$ 557,626	\$ 524,601	\$ 33,025	6.30%

REVENUES

In reviewing the Statement of Revenues, Expenses and Changes in Net Position, you will find that 61% of the Authority's revenues are derived from grants from the Department of Housing and Urban Development. The Authority receives revenue from tenants for dwelling rental charges, excess utilities, and miscellaneous charges for 37% of total revenue. Other Revenue and interest income comprise the remaining 2% of total revenue. Compared to the Fiscal Year Ended September 30, 2021, revenues showed an overall increase of \$33,728 or 13.23%. This increase was caused by an increase in tenant revenue of \$18,364 or 20.62% due to increased average rents, and an increase in grant funding of \$10,374 due primarily to increased capital draws.

EXPENSES

The Housing Authority of the Town of Farmerville experienced an increase in expenses for the current year from \$229,670 to \$255,552, an increase of \$25,882 or 11.27%. Administrative costs increased by \$11,938 or 14.90% due to increased management fees paid to the Housing Authority of the Town of Ruston. Tenant services decreased by \$3,120 or 100% due to the use of the CARES Act in the prior period. Total utilities expense for the

Authority increased by \$423 or 15.34% due to increased electricity usage. Maintenance expenses for the Authority increased by \$12,796 or 24.58% due mainly to REAC inspection improvements made now that the pandemic is over and units are accessible. General expenses increased slightly by \$1,950 or 4.39% due to increased insurance expense. Depreciation expense for the current year is \$49,060, an increased of \$1,895 or 4.02%.

CAPITAL ASSETS

As of September 30, 2022, the Authority’s net capital assets decreased by \$31,203 or 8.96% to \$317,237. The following illustrates the Capital Asset values for 2021 and 2022.

**Housing Authority of the Town of Farmerville
Comparative Statement of Capital Assets
TABLE III**

	2022	2021	Total Change	% Change
Land	\$ 6,430	\$ 6,430	\$ -	0.00%
Buildings & improvements	1,830,874	1,818,037	12,837	0.71%
Equipment	86,665	81,645	5,020	6.15%
Construction in Progress	-	-	-	0.00%
	<u>1,923,969</u>	<u>1,906,112</u>	<u>17,857</u>	<u>0.94%</u>
Accumulated Depreciation	<u>(1,606,732)</u>	<u>(1,557,672)</u>	<u>(49,060)</u>	<u>3.15%</u>
Total Capital Assets	<u>\$ 317,237</u>	<u>\$ 348,440</u>	<u>\$ (31,203)</u>	<u>-8.96%</u>

Major changes in the capital asset accounts are summarized below:

Balance at October 1, 2021	\$ 348,440
Current period additions – capital funds	10,527
Current period additions – operations	7,330
Current period depreciation expense	<u>(49,060)</u>
 Balance at September 30, 2022	 <u>\$ 317,237</u>

DEBT OBLIGATIONS

As of September 30, 2022, the Authority had no outstanding debt.

ECONOMIC FACTORS

The current inflation rate in the United States is the highest it has been in over forty years. This is causing prices to skyrocket and is making it more expensive for the Housing Authority to operate and may make it more difficult for tenants to pay their rent. There is no timeframe on when relief is expected from these historic price increases, and it has yet to be determined if governmental assistance will be increased in the next calendar year.

CONCLUSIONS

Overall, the Housing Authority of the Town of Farmerville had a good year financially. Its management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

This financial report is designed to provide our residents, the citizens of Farmerville, Louisiana, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances. If you have any questions regarding these financial statements or supplemental information, you may contact the Executive Director or Assistant Executive Director at (318) 255-3644, or address your correspondence to: Housing Authority of the Town of Farmerville, P.O. Box 446, Farmerville, LA 71241.

**HOUSING AUTHORITY OF THE
TOWN OF FARMERVILLE
Farmerville, Louisiana**

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

ASSETS

Current Assets

Cash & cash equivalents - unrestricted	\$	253,872
Cash & cash equivalents - restricted		5,885
Accounts receivable, net		10,456
Prepaid insurance & inventories		<u>17,990</u>
 Total Current Assets		 <u>288,203</u>

Capital Assets

Land		6,430
Buildings & improvements		1,830,874
Furniture & equipment		86,665
Less: Accumulated depreciation		<u>(1,606,732)</u>
 Total Capital Assets		 <u>317,237</u>

TOTAL ASSETS	\$	<u><u>605,440</u></u>
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The accompanying notes are an integral part of the financial statements.

LIABILITIES & NET POSITION

Current Liabilities

Accounts payable	\$	38,545
Tenant security deposits		5,885
Unearned revenue		<u>3,384</u>
 Total Current Liabilities		 <u>47,814</u>
 TOTAL LIABILITIES		 <u>47,814</u>

NET POSITION

Investment in Capital Assets		317,237
Unrestricted		<u>240,389</u>
 TOTAL NET POSITION		 <u>557,626</u>
 TOTAL LIABILITIES & NET POSITION	 \$	 <u><u>605,440</u></u>

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Operating Revenues</u>	
Dwelling rent	\$ 107,435
Governmental grants & subsidy	165,076
Other income	<u>5,433</u>
 Total Operating Revenues	 <u>277,944</u>
 <u>Operating Expenses</u>	
Administration	92,052
Utilities	3,181
Maintenance & operations	64,851
General expense	46,408
Depreciation	<u>49,060</u>
 Total Operating Expenses	 <u>255,552</u>
 NET INCOME/(LOSS) FROM OPERATIONS	 <u>22,392</u>
 <u>Nonoperating Revenue/(Expenses)</u>	
Investment income	<u>106</u>
 Net Nonoperating Revenue/(Expenses)	 <u>106</u>
 Net Income/(Loss) before capital grants	 22,498
 Capital Grants	 <u>10,527</u>
 Net Increase/(Decrease) in Net Position	 33,025
 Total Net Position - beginning	 <u>524,601</u>
 Total Net Position - ending	 \$ <u><u>557,626</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 111,108
Governmental grants & subsidy - operations	165,076
Payments to suppliers	<u>(215,336)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>60,848</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>106</u>
NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES	<u>106</u>

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

Additions to capital assets - capital grants	(10,527)
Capital grant funds received	10,527
Acquisition of capital assets - CARES	<u>(7,330)</u>
NET CASH PROVIDED/(USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(7,330)</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	53,624
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>206,133</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>\$ 259,757</u></u>

CASH FLOWS FROM OPERATING ACTIVITIES

Net Operating Income/(Loss)	\$ 22,392
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	49,060
Decrease (Increase) in accounts receivable, net	(5,587)
Decrease (Increase) in prepaid expenses/inventories	(2,245)
Increase (Decrease) in accounts payable	2,492
Increase (Decrease) in security/trust deposits	(325)
Increase (Decrease) in unearned revenue	<u>(4,939)</u>
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	<u><u>\$ 60,848</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:

1. Introduction:

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

2. Organization:

The Housing Authority of the Town of Farmerville ("The Authority") is a public body and a body corporate and politic organized under the laws of the State of Louisiana for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Mayor appoints a Governing Board for but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

3. Reporting Entity:

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 and Number 61 of the Government Accounting Standards Board, the Financial Reporting Entity*.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the Town of Farmerville and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority - The Authority is governed by a Board of Commissioners appointed by the CEO of Town of Farmerville and has governance responsibilities over all activities related to all housing activities within Town of Farmerville. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Town; i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

Imposition of Will - The Town has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units neither of the Authority nor for the Authority to be included in Town of Farmerville financial reports therefore, the Authority reports independently. During the review of the Authority's budgets, annual contributions contract, minutes of the Board of Commissioner's meetings, cash receipts and cash disbursements for the reporting period disclosed that the Authority operated the following programs under Annual Contributions Contracts:

1. Public and Indian Housing – The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income families and the elderly.
2. Public Housing Capital Fund Program – The objective of this program is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the program.

4. Basis of Presentation, Basis of Accounting and Measurement Focus:

Basis of Accounting - The Authority uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on its statement of net position.

Proprietary fund equity is segregated into three broad components: Net Investment in Capital Assets, Restricted and Unrestricted. The Authority uses a proprietary, enterprise fund. This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

5. Revenues and Expenses:

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities, including rental related income, interest income and other sources of revenues, are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

6. Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

7. Budgets:

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

8. Inventories:

Inventories are recorded at average cost. The consumption method is used to account for inventories. Under the consumption method, inventories are charged to expense when consumed.

9. Capital Assets and Depreciation:

Capital assets are stated at historical cost. Donated capital assets are stated at their fair market value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the Town of Farmerville for maintenance and repairs. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. The current adopted capitalization threshold is \$1,500 for both real property and equipment. The Authority uses the straight-line method for depreciation.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings & improvements	15-30 years
Furniture, fixtures & equipment	3-10 years
Vehicles	5- 7 years
Specialized use equipment	2-10 years

10. Collection Losses:

Collection losses on accounts receivable are expensed, in the appropriate Fund, on the specific write-off method.

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

11. Insurance:

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. As of the date of the fieldwork, the Authority had the required coverage in force.

12. Cash and Investments:

1. The Authority cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments are stated at fair value, except for U. S. Treasury Bills, which are reported at amortized cost. The Authority reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases/ (decreases) in gains made.

13. Compensated Absences:

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, **Accounting for Compensated Absences**, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Because the Housing Authority is managed by the Housing Authority of the Town of Ruston, there are no employees and consequently no amounts recorded as a liability or an expense.

14. Operating Revenue:

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the nonoperating revenue and expense.

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

15. The terms of the Board are as follows:

Charles Sawyer	09/30/2024
Otis Wright	09/30/2025
Linda Austin	09/30/2022
Sharon Watley	09/30/2023

In addition to the above Commissioners, the Administrator of the Housing Authority is Woody Whittington, who serves on the Board as Secretary and is the Executive Director. Based upon the above criteria all the operations of the PHA are included in these financial statements and there are no operations or component units that have been excluded from this report.

16. New Accounting Pronouncements:

During FY 2022, the Authority implemented GASB 87, Leases, which was effective for fiscal years beginning after June 15, 2021. The Authority and the Auditor reviewed the outstanding leases and determined these to be immaterial to the financial statements, and therefore, no adjustments or disclosures were made.

NOTE B - CASH & CASH EQUIVALENTS:

All the deposits of the Housing Authority of the Town of Farmerville are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Housing Authority of the Town of Farmerville has no policy regarding custodial credit risk for deposits.

At September 30, 2022, the Authority's cash deposits had a carrying amount of \$259,757 and bank balances of \$266,396. The bank balances were fully covered by federal depository insurance.

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less.

Credit risk - The Authority has no policy regarding credit risk.

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

Concentration of credit risk - The Authority places no limit on the amount that it may invest in certificates of deposits. The Authority has no policy regarding credit risk.

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(Continued)

NOTE B - CASH & CASH EQUIVALENTS: (Cont'd)

Checking accounts	\$ 219,363
Certificate of deposit – less than 90 days	<u>40,394</u>
	<u>\$ 259,757</u>

Of the above amount, \$5,885 is considered restricted for tenant security deposits.

NOTE C - ACCOUNTS RECEIVABLE:

Accounts receivable at September 30, 2022, consisted of the following:

Tenants (net of allowance for doubtful accounts of \$43)	\$ 2,540
Accounts Receivable - HUD	<u>7,916</u>
	<u>\$ 10,456</u>

NOTE D - PREPAID EXPENSES:

Prepaid expenses consisted of the following at September 30, 2022:

Prepaid insurance	<u>\$ 17,990</u>
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NOTE E - CAPITAL ASSETS:

The following is a summary of changes in the net capital assets during the fiscal year ended September 30, 2022:

	Beginning at 10/1/2021	Increases	Transfers/ Retirements	Depreciation	Balance at 9/30/2022
Enterprise Activities					
Capital assets not being depreciated:					
Land	\$ 6,430	\$ -	\$ -	\$ -	\$ 6,430
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>6,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,430</u>
Buildings & improvements	1,818,037	12,837	-	-	1,830,874
Furniture & equipment	<u>81,645</u>	<u>5,020</u>	<u>-</u>	<u>-</u>	<u>86,665</u>
Total capital assets being depreciated	<u>1,899,682</u>	<u>17,857</u>	<u>-</u>	<u>-</u>	<u>1,917,539</u>
Less accumulated depreciation for:					
Buildings & improvements	(1,499,762)	-	-	(41,618)	(1,541,380)
Furniture & equipment	<u>(57,910)</u>	<u>-</u>	<u>-</u>	<u>(7,442)</u>	<u>(65,352)</u>
Total accumulated depreciation	<u>(1,557,672)</u>	<u>-</u>	<u>-</u>	<u>(49,060)</u>	<u>(1,606,732)</u>
Total capital assets being depreciated	<u>342,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,807</u>
Enterprise activity capital assets, net	<u>\$ 348,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 317,237</u>

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(Continued)

NOTE F - ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES:

Accounts payable at September 30, 2022, consisted of the following:

Payment in lieu of taxes	\$ 10,425
Accounts payable – vendors	8,907
Accounts payable – Housing Authority of the Town of Ruston	19,213
Unearned revenue – prepaid rent	3,384
Tenant security deposits	<u>5,885</u>
	<u>\$ 47,814</u>

NOTE G - COMMITMENTS & CONTINGENCIES:

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probably that a loss has occurred and the amount of that loss can be reasonably estimated. At September 30, 2022, there were no liabilities to be reported.

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries. There were no examinations conducted during the current year.

Grants and contracts:

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

Capital fund:

The Authority receives capital funding each year for ongoing capital improvements and repairs and maintenance.

NOTE H - RELATED PARTY TRANSACTIONS:

There were no related party transactions to be reported for the fiscal year ended September 30, 2022. The Housing Authority of the Town of Farmerville is managed by the Housing Authority of Town of Ruston, which is considered to be an affiliate, but does not qualify as a component unit or as a related party. The Housing Authority reimburses the Housing Authority of Town of Ruston, for all applicable direct and indirect costs of operations.

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(Continued)

NOTE I - PENSION PLAN:

The Authority does not have full-time employees and therefore does not provide a defined pension plan because the employees that provide work for the Housing Authority of the Town of Farmerville work for Housing Authority of the Town of Ruston and the pension plan is provided by Housing Authority of the Town of Ruston.

NOTE J - RISK MANAGEMENT:

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, causality, employee dishonesty and public official's liability forms are used to cover the respective perils. Commercial carriers insure all common perils such as business auto, computer and other miscellaneous policies.

NOTE K - ECONOMIC DEPENDENCY:

The PHA Owned Housing is economically dependent on annual contributions grants from the Federal government. The program operates at a loss prior to receiving the contributions and grants.

NOTE L - IMPAIRMENT OF CAPITAL ASSETS:

In accordance with financial reporting standards issued by the Government Accounting Standards Board's, Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. During the fiscal year ended September 30, 2022, the Housing Authority of the Town of Farmerville experienced no impairments during the year.

NOTE M - SUPPLEMENTAL INFORMATION:

The supplemental information has been included in order to show the financial statements of the Housing Authority on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplemental information is reviewed by the field office and provides greater detail concerning the operations of the Housing Authority.

NOTE N - SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through February 16, 2023, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**HOUSING AUTHORITY OF THE
TOWN OF FARMERVILLE
Farmerville, Louisiana**

SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022



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

Board of Commissioners
Housing Authority of the Town of Farmerville
Farmerville, Louisiana 71723

HUD – New Orleans Office
501 Magazine 9th Floor
New Orleans, Louisiana 70130

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 Housing Authority of the Town of Farmerville, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Farmerville’s basic financial statements, and have issued our report thereon dated February 16, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Farmerville’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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rector, Reeder & Lofton, PC
Certified Public Accountants

Loganville, Georgia
February 16, 2023

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended September 30, 2021, contained no formal audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results:

Financial Statements

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness(es) identified?	N/A
Significant deficiency(ies) identified not considered to be material weaknesses?	N/A
Type of report issued on the compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported under 2 CFR §200.516(a)?	N/A
Identification of major programs:	NONE

Section II – Financial Statement Findings

Findings related to financial statements in accordance with GAGAS:

NONE REPORTED

Section III – Federal Award Findings and Questioned Costs

Findings and questioned costs for Federal Awards:

N/A

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
SEPTEMBER 30, 2022

FDS Line#	Account Description	Public Housing		TOTAL
		14.850	CARES Act 14.PHC	
ASSETS:				
CURRENT ASSETS:				
Cash:				
111	Cash - unrestricted	\$ 253,872	\$ 0	\$ 253,872
112	Cash - restricted - modernization & development	0	0	0
113	Cash - other restricted	0	0	0
114	Cash - tenant security deposits	5,885	0	5,885
115	Cash - restricted for payment of current liabilities	0	0	0
100	Total Cash	<u>259,757</u>	<u>0</u>	<u>259,757</u>
Accounts and notes receivables:				
121	Accounts receivable - PHA projects	0	0	0
122	Accounts receivable - HUD other projects	7,916	0	7,916
124	Accounts receivable - other government	0	0	0
125	Accounts receivable - miscellaneous	0	0	0
126	Accounts receivable - tenants - dwelling rents	2,583	0	2,583
126.1	Allowance for doubtful accounts - tenants	(43)	0	(43)
126.2	Allowance for doubtful accounts - other	0	0	0
127	Notes receivable - current	0	0	0
128	Fraud recovery	0	0	0
128.1	Allowance for doubtful accounts - fraud	0	0	0
129	Accrued interest receivable	0	0	0
120	Total receivables, net of allowances for uncollectibles	<u>10,456</u>	<u>0</u>	<u>10,456</u>
Current investments:				
131	Investments - unrestricted	0	0	0
132	Investments - restricted	0	0	0
135	Investments - restricted for payment of current liability	0	0	0
142	Prepaid expenses and other assets	17,990	0	17,990
143	Inventory - materials	0	0	0
143.1	Allowance for obsolete inventories	0	0	0
144	Interprogram due from	0	0	0
145	Assets held for sale	0	0	0
150	TOTAL CURRENT ASSETS	<u>288,203</u>	<u>0</u>	<u>288,203</u>
NONCURRENT ASSETS:				
Capital Assets				
161	Land	6,430	0	6,430
162	Buildings	1,577,106	0	1,577,106
163	Furniture, equipment & mach. - dwellings	32,495	0	32,495
164	Furniture, equipment & mach. - admin.	54,170	0	54,170
165	Leasehold improvements	253,768	0	253,768
166	Accumulated depreciation	(1,606,732)	0	(1,606,732)
167	Construction in progress	0	0	0
168	Infrastructure	0	0	0
160	Total capital assets, net of accumulated depreciation	<u>317,237</u>	<u>0</u>	<u>317,237</u>
171	Notes receivable - noncurrent	0	0	0
172	Notes receivable - noncurrent past due	0	0	0
173	Grants receivable - noncurrent	0	0	0
174	Other assets	0	0	0
176	Investment in joint ventures	0	0	0
180	TOTAL NONCURRENT ASSETS	<u>317,237</u>	<u>0</u>	<u>317,237</u>
200	DEFERRED OUTFLOW OF RESOURCES	0	0	0
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 605,440</u>	<u>\$ 0</u>	<u>\$ 605,440</u>

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
SEPTEMBER 30, 2022

FDS Line#	Account Description	Public Housing		TOTAL
		Public Housing 14.850	CARES Act 14.PHC	
LIABILITIES AND NET POSITION:				
LIABILITIES:				
CURRENT LIABILITIES				
311	Bank overdraft	\$ 0	\$ 0	\$ 0
312	Accounts payable <= 90 days	8,907	0	8,907
313	Accounts payable > 90 days past due	0	0	0
321	Accrued wage/payroll taxes payable	0	0	0
322	Accrued compensated absences - current portion	0	0	0
324	Accrued contingency liability	0	0	0
325	Accrued interest payable	0	0	0
331	Accounts payable - HUD PHA programs	0	0	0
332	Accounts payable - PHA projects	0	0	0
333	Accounts payable - other gov.	29,638	0	29,638
341	Tenant security deposits	5,885	0	5,885
342	Unearned revenue	3,384	0	3,384
343	Current portion of long-term debt - capital	0	0	0
344	Current portion of long-term debt - operating	0	0	0
345	Other current liabilities	0	0	0
346	Accrued liabilities - other	0	0	0
347	Interprogram (due to)	0	0	0
348	Loan liability - current	0	0	0
	TOTAL CURRENT LIABILITIES	47,814	0	47,814
NONCURRENT LIABILITIES:				
351	L/T Debt, Net of Current - Capital Projects	0	0	0
352	L/T Debt, Net of Current - Operating Borrowings	0	0	0
353	Non-current liabilities - other	0	0	0
354	Accrued Compensated Absences - Non-Current	0	0	0
355	Loan liabilities - noncurrent	0	0	0
356	FASB 5 liabilities	0	0	0
357	Accrued pension and OPEB liabilities	0	0	0
350	TOTAL NONCURRENT LIABILITIES	0	0	0
300	TOTAL LIABILITIES	47,814	0	47,814
400	DEFERRED INFLOW OF RESOURCES	0	0	0
NET POSITION:				
508.4	Investment in Capital Assets	317,237	0	317,237
511.4	Restricted	0	0	0
512.4	Unrestricted	240,389	0	240,389
513	TOTAL NET POSITION	557,626	0	557,626
600	TOTAL LIABILITIES, DEFERRED INFLOS OF RESOURCES AND NET POSITION	\$ 605,440	\$ 0	\$ 605,440

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>FDS Line#</u>	<u>Account Description</u>	Public Housing 14.850	Public Housing Capital Funds 14.872	Public Housing CARES Act 14.PHC	Elimination	TOTAL
REVENUES:						
70300	Net tenant rental revenue	\$ 101,840	\$ 0	\$ 0	\$ 0	\$ 101,840
70400	Tenant revenue - other	5,595	0	0	0	5,595
70500	Total tenant revenue	107,435	0	0	0	107,435
70600	HUD PHA grants	129,490	27,759	7,827	0	165,076
70610	HUD Capital grants	0	10,527	0	0	10,527
70710	Management fee	0	0	0	0	0
70720	Asset management fee	0	0	0	0	0
70730	Book keeping fee	0	0	0	0	0
70740	Front line services fee	0	0	0	0	0
70750	Other fees	0	0	0	0	0
70700	Total fee revenue	0	0	0	0	0
70800	Other government grants	0	0	0	0	0
71100	Investment income - unrestricted	106	0	0	0	106
71200	Mortgage interest income	0	0	0	0	0
71300	Proceeds from disposition of assets held for sale	0	0	0	0	0
71400	Fraud recovery	0	0	0	0	0
71500	Other revenue	5,433	0	0	0	5,433
71600	Gain/Loss on Sale of Fixed Assets	0	0	0	0	0
72000	Investment income - restricted	0	0	0	0	0
70000	TOTAL REVENUES	\$ 242,464	\$ 38,286	\$ 7,827	\$ 0	\$ 288,577
EXPENSES:						
Administrative						
91100	Administrative salaries	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
91200	Auditing fees	7,650	0	0	0	7,650
91300	Outside management fees	63,056	0	0	0	63,056
91310	Bookkeeping fee	0	0	0	0	0
91400	Advertising & marketing	6	0	0	0	6
91500	Employee benefit contributions - administrative	0	0	0	0	0
91600	Office expenses	11,795	0	0	0	11,795
91700	Legal expense	100	0	0	0	100
91800	Travel	0	0	0	0	0
91810	Allocated overhead	0	0	0	0	0
91900	Other operating - administrative	9,445	0	0	0	9,445
91000	Total Administrative Expense	92,052	0	0	0	92,052
92000	Asset management fee	0	0	0	0	0
Resident Services						
92100	Resident salaries	0	0	0	0	0
92200	Relocation costs	0	0	0	0	0
92300	Employee benefit contributions - resident services	0	0	0	0	0
92400	Resident services - other	0	0	0	0	0
92500	Total Resident Services Expense	0	0	0	0	0
Utilities						
93100	Water	725	0	0	0	725
93200	Electricity	2,028	0	0	0	2,028
93300	Gas	428	0	0	0	428
93400	Fuel	0	0	0	0	0
93500	Labor	0	0	0	0	0
93600	Sewer	0	0	0	0	0
93700	Employee benefit contributions - utilities	0	0	0	0	0
93800	Other utilities expense	0	0	0	0	0
	Total Utilities Expense	3,181	0	0	0	3,181

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>FDS Line#</u>	<u>Account Description</u>	<u>Public Housing 14.850</u>	<u>Public Housing Capital Funds 14.872</u>	<u>Public Housing CARES Act 14.PHC</u>	<u>Elimination</u>	<u>TOTAL</u>
Ordinary Maintenance & Operation						
94100	Ordinary maint. and oper. - labor	0	0	0	0	0
94200	Ordinary maint. and oper. - materials & others	5,463	0	497	0	5,960
94300	Contract costs	58,891	0	0	0	58,891
94300-010	Contract costs - garbage removal	0	0	0	0	0
94300-020	Contract costs - heating and cooling	0	0	0	0	0
94300-030	Contract costs - snow removal	0	0	0	0	0
94300-040	Contract costs - elevator maintenance	0	0	0	0	0
94300-050	Contract costs - landscape and grounds	10,328	0	0	0	10,328
94300-060	Contract costs - unit turnaround	0	0	0	0	0
94300-070	Contract costs - electrical	1,285	0	0	0	1,285
94300-080	Contract costs - plumbing	7,857	0	0	0	7,857
94300-090	Contract costs - extermination	2,178	0	0	0	2,178
94300-100	Contract costs - janitorial	0	0	0	0	0
94300-110	Contract costs - routine maintenance	25,685	0	0	0	25,685
94300-120	Contract costs - miscellaneous	11,558	0	0	0	11,558
94500	Ordinary maint. and oper. - benefits	0	0	0	0	0
94000	Total Ordinary Maintenance & Operation	64,354	0	497	0	64,851
Insurance Premiums						
96110	Property insurance	24,963	0	0	0	24,963
96120	Liability insurance	4,624	0	0	0	4,624
96130	Workmen's compensation	1,022	0	0	0	1,022
96140	All other insurance	3,614	0	0	0	3,614
96100	Total Insurance Premiums	34,223	0	0	0	34,223
General Expenses						
96200	Other general expenses	0	0	0	0	0
96210	Compensated absences	0	0	0	0	0
96300	Payments in lieu of taxes	10,425	0	0	0	10,425
96400	Bad debt - tenant rents	1,760	0	0	0	1,760
96500	Bad debt - mortgages	0	0	0	0	0
96600	Bad debt - other	0	0	0	0	0
96800	Severance expense	0	0	0	0	0
96000	Total General Expenses	12,185	0	0	0	12,185
96900	TOTAL OPERATING EXPENSE	205,995	0	497	0	206,492
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSE	36,469	38,286	7,330	0	82,085
Other Expenses						
97100	Extraordinary maintenance	0	0	0	0	0
97200	Casualty losses - non-capitalized	0	0	0	0	0
97300	Housing assistance payments	0	0	0	0	0
97350	HAP portability-in	0	0	0	0	0
97400	Depreciation expense	49,060	0	0	0	49,060
97500	Fraud losses	0	0	0	0	0
97600	Capital outlays - governmental funds	0	0	0	0	0
97700	Debt principal payment - governmental funds	0	0	0	0	0
97800	Dwelling units rent expense	0	0	0	0	0
	Total Other Expenses	49,060	0	0	0	49,060
90000	TOTAL EXPENSES	\$ 255,055	\$ 0	\$ 497	\$ 0	\$ 255,552
Other Financing Sources/(Uses)						
10010	Operating transfers in	27,759	0	0	(27,759)	0
10020	Operating transfers out	0	(27,759)	0	27,759	0
10100	Total Other Financing Sources/(Uses)	27,759	(27,759)	0	0	0
10000	EXCESS OF REVENUE OVER EXPENSES	\$ 15,168	\$ 10,527	\$ 7,330	\$ 0	\$ 33,025
11020	Required annual debt principal payment	0	0	0	0	0
10030	Beginning Net Position	524,601	0	0	0	524,601
11040-010	Prior period adjustments	0	0	0	0	0
11040-070	Equity transfers	17,857	(10,527)	(7,330)	0	0
	Ending Net Position	\$ 557,626	\$ 0	\$ 0	\$ 0	\$ 557,626
11190	Units months available	463	-	-	-	463
11210	Units months leased	463	-	-	-	463

HOUSING AUTHORITY OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Agency Head Name: Woody Whittington, Administrator

Salary	\$	-
Benefits-Insurance		-
Benefits-Retirement		-
Car Allowance		-
Vehicle Provided by Government		-
Per Diem		-
Reimbursements		-
Travel		-
Total Amount	\$	<u><u>-</u></u>

There is no employee compensation for the Housing Authority of the Town of Farmerville. There is a management fee and costs charges to the Housing Authority of the Town of Farmerville for which the Housing Authority of Ruston recognizes as revenue. There are no employees with Farmerville.

**HOUSING AUTHORITY
OF THE TOWN OF FARMERVILLE
Farmerville, Louisiana**

STATEWIDE AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022



Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

Housing Authority of the Town of Farmerville

**INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of the Housing Authority of the Town of Farmerville and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Housing Authority of the Town of Farmerville (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LA’s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021 through September 30, 2022. The Entity’s management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

N/A - There is no debt service at the agency.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Finding – At the time of our review, the Authority does not have a policy in place discussing the controls and procedures surrounding Information Technology Disaster Recovery/Business Continuity. We recommend the Authority adopt a policy that reflects these controls and procedures.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Finding – We noted a discussion on sexual harassment within the Personnel Policy. However, we do not feel that this discussion addresses all the requirements in the statute. We recommend the Authority adopt a policy that adheres to all aspects of the statute.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Observation - As documented in our work-papers (ref. JJ), the Board of Commissioners are scheduled to meet monthly, and they have an annual meeting for the election of officers. They also meet to approve the operating budget and the budget revision. Quarterly the fee accountant presents financial information for the three-month period and year-to-date and updates the Board of Commissioners with pertinent financial information. The minutes also show evidence of approval of major contracts, the five-year annual plan and any major capital improvements. However, we did note that the Board only met twice during fiscal year 2022.

Bank Reconciliations

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

Observation - The Housing Authority does have a procedure in place to reconcile bank accounts on a systematic basis. We have examined the reconciliations for March 2022 and September 2022. These bank reconciliations are dated by the computer system, signed by the preparer (fee accountant) and signed by one of the Board members.

Collections

4. Obtain a listing of deposit sites 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).

Observation - There is only one location for receiving cash collections.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

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

Observation – The one collection location used by the Farmerville Housing Authority is an Origin Bank in the area. Because Origin Bank is a third party, the Authority is not responsible for the actual collection of the deposits and is only responsible for the proper record-keeping and posting of tenant charges. Based on our review of tenant accounts receivable balances and the related tenant files, we feel the Authority is meeting this requirement.

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

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Observation - As documented in our working papers in our cash disbursements examination (ref. TT-2), we have examined twenty (20) check vouchers and invoices for examination and compliance with applicable federal requirements. We noted no errors or violation of compliance requirements, and expenditures were within program budgets.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). 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).

Observation – The Farmerville Housing Authority does not have any credit cards. Any credit card transactions are purchased through the Ruston Housing Authority and included in the reimbursement payments made monthly. Please see the AUP submitted for Ruston Housing Authority for any observations or findings reported.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observation – The Authority does not process employee reimbursements. Employee reimbursements are processed through the Ruston Housing Authority and billed to Farmerville as needed. We relied on our review of the Ruston Housing Authority's employee reimbursements to satisfy this AUP. Please see the AUP submitted for Ruston Housing Authority for any observations or findings reported.

Contracts

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

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Observation – The Ruston Housing Authority manages the Farmerville Housing Authority. Farmerville payroll expenses are assessed, and a reimbursement is paid to Ruston Housing Authority monthly. We relied on our payroll testing of the Ruston Housing Authority to satisfy this AUP. Please see the AUP submitted for Ruston Housing Authority for any observations or findings reported.

Ethics

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

Finding – The Ruston Housing Authority manages the Farmerville Housing Authority, and Farmerville does not have employees of its own. Therefore, we relied on the Ruston Housing Authority's review to satisfy this AUP requirement. However, we did note that there is no documentation that the Farmerville Board of Commissioners have completed annual ethics training.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

N/A – There is no debt service at the agency.

Fraud Notice

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

N/A – There was none noted during the year.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”
 - a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Observation – We contacted the Authority’s Information Technologies vendor to determine if the Authority was compliant with State AUP requirements. Based on their response, we feel that the Authority has met these requirements. No further comment is necessary.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.
 - f. *Finding – The Ruston Housing Authority manages the Farmerville Housing Authority, and Farmerville does not have employees of its own. Therefore, we relied on the Ruston Housing Authority's review to satisfy this AUP requirement. However, we did note that there is no documentation that the Farmerville Board of Commissioners have completed annual sexual harassment training.***

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of 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.

Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Loganville, Georgia
February 16, 2023



February 16, 2023

To the Board of Commissioners
Housing Authority of the Town of Farmerville

We have audited the financial statements of the **Housing Authority of the Town of Farmerville** for the year ended **September 30, 2022**, and have issued our report thereon dated **February 16, 2023**. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have included this information in this letter dated **February 16, 2023**. Professional standards also require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As a part of our audit, we considered the internal control structure of the **Housing Authority of the Town of Farmerville**. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning the internal control structure of the agency.

Qualitative Aspects of Accounting Practices

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the **Housing Authority of the Town of Farmerville** are described in Note A to the financial statements. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. No new accounting policies were adopted and the application of existing policies was not changed during the year.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

There were no difficulties encountered in conducting the audit of the **Housing Authority of the Town of Farmerville** for the year ended **September 30, 2022**.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **February 16, 2023**.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

There were no other matters noted during the course of our audit that needed to be formally communicated to management as a part of this letter.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Organization that could potentially cause future financial statements to be materially misstated. For purposes of reporting, we noted no adjustments that would be considered material to the financial statements.

Current Year Findings, Significant Deficiencies and Material Weaknesses

The current audit period for **September 30, 2022**, reported no significant deficiencies or material weaknesses. Also, this report disclosed no reportable findings of noncompliance.

This information is intended solely for the use of the Audit Committee, Board of Commissioners, applicable government agencies and the management of the **Housing Authority of the Town of Farmerville** and should not be used for any other purpose.

Very truly yours,

Rector, Reeder & Lofton, P.C.

Certified Public Accountants