

Houma-Terrebonne Housing Authority

Financial Statements & Independent Auditors' Report

For the Year Ended September 30, 2022



smithmarion

	<u>Page</u>
FINANCIAL INFORMATION	
Independent Auditors' Report	1
Management's Discussion and Analysis	i
Basic Financial Statements:	
Statement of Net Position	4
Statement of Revenues, Expenses, and Change in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
Statement and Certification of Actual Costs	19
Schedule of Compensation, Benefits and Other Payments to Agency Head	20
Schedule of Compensation Paid Board Members	20
NON-FINANCIAL SECTION	
Report on Internal Control over Financial Reporting and Compliance and Other matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance in Accordance with the <i>Uniform Guidance</i>	23
Schedule of Findings and Questioned Costs	26
Summary Schedule of Prior Audit Findings	27

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



Board of Commissioners
Houma-Terrebonne Housing Authority
Houma, LA

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Houma-Terrebonne Housing Authority, as of September 30, 2022, and the respective changes in financial position, and 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*, 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 Houma-Terrebonne Housing Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Houma-Terrebonne Housing Authority's ability to continue as a going concern for one year after the date the financial statements are issued.

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 Houma-Terrebonne Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Houma-Terrebonne Housing Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-v 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 Houma-Terrebonne Housing Authority's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule), as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and statement and certification of actual costs 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of Houma-Terrebonne Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Houma-Terrebonne Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Houma-Terrebonne Housing Authority's internal control over financial reporting and compliance.

March 27, 2023

Houma-Terrebonne Housing Authority
Management's Discussion and Analysis
September 30, 2022

The Management's Discussion and Analysis of the Houma-Terrebonne Housing Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the financial statements, which begin on page 4.

Financial Highlights

- The assets of the Authority exceeded its liabilities on September 30, 2022, by approximately \$15.4 million (net position), representing a decrease of approximately \$3.4 million, or 22%, from September 30, 2021.
- The Authority's unrestricted cash balance on September 30, 2022, was \$492,015, representing a decrease of \$80,537, or 14% from September 30, 2021.
- The Authority had total revenue of approximately \$2.5 million and total expenses of approximately \$5.8 million for the year ended September 30, 2022.

Using this Annual Report

This Discussion and Analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: (1) fund financial statements, and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Authority is a special-purpose government engaged only in a business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

The statement of revenue, expenses and changes in net position presents information detailing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The statement of cash flows provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development ("HUD").

Houma-Terrebonne Housing Authority
Management's Discussion and Analysis
September 30, 2022

Programs

The Authority has multiple programs that are consolidated into a single enterprise fund. The Authority's programs consisted of the following:

Low Rent Public Housing - Under the Low Rent Public Housing Program, the Authority rents units it owns to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract ("ACC") with HUD, and HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

Capital Fund Program ("CFP") - The Low Rent Public Housing Program also includes the CFP which is the primary funding source for the Authority's physical and management improvements. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

Financial Analysis

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only one fund type, namely an enterprise fund which is a proprietary fund type. The financial statements can be found on pages 4 through 6 of this report.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 7 through 16 of this report.

Houma-Terrebonne Housing Authority
Management's Discussion and Analysis
September 30, 2022

Statements of Net Position

The following table represents the condensed Statements of Net Position as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Total Change</u>
Assets and Deferred Outflows			
Current assets, unrestricted	\$ 951,682	\$ 16,266,731	\$ (15,315,049)
Current assets, restricted	12,110,316	73,200	12,037,116
Non-current assets	2,559,879	3,132,373	(572,494)
Deferred outflows of resources	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 15,621,877	\$ 19,472,304	\$ 19,472,304
Current liabilities	212,900	667,424	(454,524)
Long-term liabilities	24,343	69,266	(44,923)
Deferred inflows of resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	\$ 237,243	\$ 736,690	\$ (499,447)
Net position			
Net investment in capital assets	2,437,223	3,132,373	(695,150)
Restricted	12,108,591	-	12,108,591
Unrestricted net position	838,820	15,603,241	(14,764,421)
Total Net Position	15,384,634	18,735,614	(3,350,980)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 15,621,877	\$ 19,472,304	\$ (3,850,427)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by approximately \$15.4 million on September 30, 2022, and \$18.7 million on September 30, 2021.

The largest portion of the Authority's net position this year is restricted which reflects restricted insurance proceeds received during 2022. The net investments in capital assets (e.g., buildings, machinery, and equipment) represents capital assets that provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

Houma-Terrebonne Housing Authority
Management's Discussion and Analysis
September 30, 2022

Statements of Revenues, Expenses, and Changes in Net Position

The following table reflects the condensed Statements of Revenues, Expenses, and Changes in Net Position for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Total Change</u>
Revenues			
Net tenant rental revenue	\$ 18,754	\$ 1,444,703	\$ (1,425,949)
HUD operating grants	2,232,070	2,771,647	(539,577)
HUD capital grants	14,273	274,944	(260,671)
Gain on involuntary conversion	-	12,683,156	(12,683,156)
Other revenue	88,392	56,031	32,361
Interest income	73,192	-	73,192
Gain (loss) on sale of asset	47,902	-	47,902
Total Revenues	<u>2,474,583</u>	<u>17,230,481</u>	<u>(14,755,898)</u>
Expenses			
Administration	705,831	875,931	(170,100)
Tenant services	99,646	260,341	(160,695)
Utilities	750,085	794,775	(44,690)
Maintenance	280,377	1,297,596	(1,017,219)
Protective services	138,789	119,005	19,784
General expenses	789,143	834,569	(45,426)
Extraordinary loss	2,310,604	-	2,310,604
Depreciation expense	751,088	836,266	(85,178)
Total Expenses	<u>5,825,563</u>	<u>5,018,483</u>	<u>807,080</u>
Change in Net Position	(3,350,980)	12,211,998	(15,562,978)
Net Position - Beginning of Year	<u>18,735,614</u>	<u>6,523,616</u>	<u>12,211,998</u>
Net Position - Ending of Year	<u>\$ 15,384,634</u>	<u>\$ 18,735,614</u>	<u>\$ (3,350,980)</u>

The net position of the Authority decreased by approximately \$3.4 million during the year ended September 30, 2022, and increased by approximately \$12.2 million during the year ended September 30, 2021. The Authority's main revenues in 2022 are HUD operating grants provided for the operations of the Low Rent Public Housing Program. However, due to Hurricane Ida, the agency's dwelling units were vacant during 2022. Total expenses in increased in 2022, mainly due the use of the insurance proceeds for disaster mitigation.

Houma-Terrebonne Housing Authority
Management's Discussion and Analysis
September 30, 2022

Capital Assets

As of September 30, 2022 and 2021, the Authority's investment in capital assets was approximately \$2.4 million and \$3.1 million (net of accumulated depreciation), respectively, as reflected in the following schedule:

	<u>2022</u>	<u>2021</u>	<u>Total Change</u>
Land	\$ 727,431	\$ 727,431	\$ -
Buildings and improvements	23,959,843	23,914,371	45,472
Furniture and equipment - administration	561,698	1,091,538	(529,840)
Accumulated depreciation	<u>(22,811,749)</u>	<u>(22,600,967)</u>	<u>(210,782)</u>
Total	<u>\$ 2,437,223</u>	<u>\$ 3,132,373</u>	<u>\$ (695,150)</u>

Major capital asset purchases during the years ended September 30, 2022, include primarily dwelling structure improvements.

Additional information on the Authority's capital assets can be found in Note 4 on page 14 of this report.

Economic Factors and Next Year's Budgets and Rates

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the Federal budget than by local economic conditions. The budgets for 2022 and 2023 have already been approved by HUD.

Future Events That Will Financially Impact the Authority

During the years ended September 30, 2022 and 2021, approximately 91% and 65%, respectively, of the Authority's revenues come from governmental grants.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Houma-Terrebonne Housing Authority, 7491 Park Avenue, Houma, LA 70364, or call (985) 876-4755.

Houma-Terrebonne Housing Authority

Statement of Net Position

September 30, 2022

ASSETS

Current Assets

Cash and equivalents	
Unrestricted	\$ 492,015
Restricted	11,674,913
Subtotal Cash	12,166,928
Certificates of Deposits	490,856
Accounts receivable, net	92,565
Prepaid expenses	311,649
Total Current Assets	13,061,998

Non-Current Assets

Insurance proceeds held	122,656
Capital assets, net	2,437,223
Total Non-Current Assets	2,559,879

TOTAL ASSETS **15,621,877**

TOTAL DEFERRED OUTFLOWS OF RESOURCES -

LIABILITIES

Current Liabilities

Accounts payable	44,942
Accrued liabilities	19,406
Compensated absences, current	33,617
Tenant security deposits	1,725
Unearned revenue	2,719
Other current liabilities	110,491
Total Current Liabilities	212,900

Non-Current Liabilities

Compensated absences, non-current	24,343
Total Non-Current Liabilities	24,343

TOTAL LIABILITIES **237,243**

TOTAL DEFERRED INFLOWS OF RESOURCES -

NET POSITION

Net investment in capital assets	2,437,223
Restricted	12,108,591
Unrestricted	838,820

TOTAL NET POSITION **\$ 15,384,634**

Houma-Terrebonne Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2022

REVENUES

Operating Revenues

Tenant rental revenue, net of collection losses	\$ 18,754
Operating grants and subsidies	2,232,070
Other revenues	88,392
Total Operating Revenues	<u>2,339,216</u>

EXPENSES

Operating Expenses

Administration	705,831
Tenant services	99,646
Utilities	750,085
Ordinary maintenance and operations	280,377
Protective services	138,789
Insurance expense	655,986
Other general expenses	133,157
Depreciation	751,088
Total Operating Expenses	<u>3,514,959</u>

NET OPERATING INCOME (LOSS) (1,175,743)

NONOPERATING REVENUES (EXPENSES)

Interest income	73,192
Gain (loss) on sale of assets	47,902
Extraordinary loss	(2,310,604)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,189,510)</u>

Capital grants - HUD	14,273
	<u>14,273</u>

CHANGE IN NET POSITION (3,350,980)

NET POSITION - BEGINNING	<u>18,735,614</u>
NET POSITION - ENDING	<u>\$ 15,384,634</u>

Houma-Terrebonne Housing Authority

Statement of Cash Flows

For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from tenants for rent	\$ (56,517)
Cash received from insurance	(2,545)
Cash received from grantors	2,232,070
Cash paid for goods and services	(2,862,645)
Cash paid to & on behalf of employees for services	(489,811)

NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES (1,179,448)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(50,544)
Involuntary conversion of capital assets	12,474,431
Capital contributions	205,094

NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES 12,628,981

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	73,192
(Purchase) or redemption of Certificates of Deposit	(1,550)

NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES 71,642

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS **11,521,175**

BEGINNING CASH AND CASH EQUIVALENTS 645,753

ENDING CASH AND CASH EQUIVALENTS \$ 12,166,928

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

Operating income (loss)	\$ (1,175,743)
-------------------------	----------------

Non-Cash Adjustment

Depreciation	751,088
--------------	---------

Change in Assets & Liabilities

Accounts/grants receivable	(90,937)
Prepaid expenses	(164,554)
Accounts payable and accrued liabilities	(259,754)
Compensated absences	(38,243)
Unearned revenue	(3,946)
Tenant security deposits	(71,325)
Other current liabilities	(126,034)

Total Adjustments (3,705)

Net Cash Provided (Used) by Operating Activities \$ (1,179,448)

NOTE 01 – SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY

Introduction

Houma-Terrebonne Housing Authority (the "Authority") was created by Act 80 of the 2001 Regular Session of the Louisiana Legislature and is the successor to the Housing Authority of the City of Houma. The Authority, a public corporate body, was organized solely for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low-income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by providing decent housing, a suitable living environment and economic opportunities principally for persons of low- and moderate-income.

The Authority is administered by a five-member governing Board of Commissioners (the "Board"), whose members are appointed by the President of the Terrebonne Parish Consolidated Government. At least one commissioner appointed shall be a resident living in a housing development property operated by the Authority. Each member serves a five-year term on a rotating basis. Board members do not receive compensation for their service to the Authority.

Reporting Entity

Governmental Accounting Standards Board (GASB) standards established criteria for determining the governmental reporting entity. Under provisions of this statement, the Authority is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. Fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

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

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

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

Houma-Terrebonne Housing Authority

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

The Authority's primary operations comprise of a number of housing and grant programs as follows:

- The **Public Housing Program** operates under Housing and Urban Development's (HUD) Annual Contribution Contract and consists of the operations of low rent public housing properties. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. The properties are acquired, developed, and modernized under HUD's Capital Fund Program. Funding of the program is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).
- The **Capital Fund Program** accounts for the capital and management improvement activities, primarily for the modernization and development of low-rent public housing units.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards* and Statement No. 14 and No. 61 of the Government Accounting Standards Board, *the Financial Reporting Entity*.

- the organization is legally separate (can sue and be sued in their own name);
- the Authority holds the corporate powers of the organization;
- the Authority appoints a voting majority;
- the Authority is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the Authority;
- there is fiscal dependency by the organization on the Authority.

The Authority is a related organization of the Terrebonne Parish Consolidated Government since its President appoints a voting majority of the Authority's governing board. The Terrebonne Parish Consolidated Government is not financially accountable for the Authority as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the Terrebonne Parish Consolidated Government. Accordingly, the Authority is not a component unit of the financial reporting entity of the Terrebonne Parish Consolidated Government.

The Authority includes all funds, account groups, activities, et cetera, that are within the oversight responsibility of the Authority.

Certain units of local government over which the Authority exercises no oversight responsibility, such as the parish police jury, school board, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Authority. In addition, the accompanying financial statements do not include any various tenant associations that may exist, which are legally separate entities.

As required by governmental accounting principles generally accepted in the United States of America, the basic financial statements of the reporting entity include those of the primary government, the Houma-Terrebonne Housing Authority, and any component units. The following is a blended component unit of the Authority:

- Houma Terrebonne Economic and Community Development Corporation ("HTECDC"), a nonprofit organization that was organized to promote the furtherance of community development with a principal purpose of acquiring, constructing, developing, improving, maintaining, owning, and operating elderly housing developments, family housing, scattered site, and other type developments. There were no balances or activity for this component unit for the year ended September 30, 2022.

A component unit is a separate legal entity for which elected officials of a primary government are financially accountable for the entity, or the nature and significance of the relationship between the entity and a primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete.

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

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

Fund Accounting

Proprietary fund type (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. When both restricted and unrestricted net positions are available for use, generally it is the Authority's policy to use restricted resources first. All of the Authority's programs are accounted for as one business-type activity reported in a single enterprise fund.

Budgets

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program. Annual budgets are not required for the Capital Fund Program grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to non-routine expenditures.

The budget is prepared on a statutory ("HUD") basis and does not contain a provision for uncollectible tenant receivables or depreciation.

Board of Directors

Cheryl Chauvin Hebert-Chairperson

Danny Picou-Vice Chairperson

Michael Burke

Donald Sherman

Larry Vauclin

In addition to the above Commissioners, the Administrator of the Housing Authority is Nikita Gilton, who serves on the board as the Executive Director.

Revenues and Expenses

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority are 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.

In accordance with GASB standards dwelling income has been netted with bad debt expense of \$584. Collection losses on accounts receivable are expensed, in the appropriate program, on the specific write-off method.

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 non-operating revenue and expense.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles as applied to governmental units require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates relate to depreciation and useful lives, allowance for bad debt, and inventory valuation.

Cash and Investments

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. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other State of the United States, or under the laws of the United States.

Investments are limited by Louisiana State Revised Statute R.S. 33:2955 and the Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost which approximates fair market value. Investments consist of Certificates of Deposits which have an initial maturity date greater than 90 days.

Accounts Receivable

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

Accounts for which no possibility of collection is anticipated are charged to bad debts expense which is netted against dwelling rent revenues on the Statement of Revenues, Expenses and Changes in Net Position.

Capital Assets and Depreciation

Capital assets are stated at historical cost. 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. If the initial cost of a piece of equipment and/or other personal property is three thousand dollars (\$3,000) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the purchased property/equipment will be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

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

Building	33 years
Buildings & improvements	15 years
Furniture, equipment & machinery	3-7 years

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority had no deferred outflows of resources.

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

Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. Annual leave is allowed to accrue up to 300 hours.

Inter-program Receivables and Payables

Inter-program receivables/payables are all classified as either current assets or current liabilities and are the result of the use of a common cash account as the paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances are reconciled. These inter-program receivables and payables have been eliminated in the preparation of the basic financial statements.

New Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. The standard increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Subsequent Events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 27, 2023, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

NOTE 02 – CASH AND CASH EQUIVALENTS

All the deposits of the Authority 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.

At September 30, 2022, the Authority's deposit amounted to \$12,681,660. Of the bank balances held in financial institutions, \$592,763 was covered by Federal Depository Insurance and the remainder was covered by collateral held under the Dedicated Method.

All deposits of the Authority are with financial institutions meeting State and Federal Deposit Requirements.

Types of investment, which are authorized to be made with the Authority's funds, are controlled by the statutes of the State and by contract with HUD. Investments are limited to issues having maturities of three years or less, and may include the following:

- Backed by the full faith and credit of the United States Government, or
- Backed by guarantee of principal and/or interest by the United States Government, or
- Backed by a Government-sponsored agency, or
- Covered by the Federal Deposit Insurance Corporation, or
- Backed by full collateralization with approved securities.

Interest rate risk - As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 36 months or less. The Authority has no specific policy regarding interest rate risk.

Credit risk - Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned. State statute governs collateral requirements and forms of collateral under State Statutes.

Authorized security for deposits enumerated under law includes direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. The Authority does not have a custodial credit risk policy that is more restrictive than state statutes.

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.

Houma-Terrebonne Housing AuthorityNotes to Financial Statements
For the Year Ended September 30, 2022*Cash and cash equivalents were comprised of the following as of September 30, 2022:*

<i>Unrestricted:</i>	
Checking & Money Market accounts	\$ 491,715
Petty cash	<u>300</u>
Subtotal	492,015
<i>Restricted:</i>	
Insurance proceeds	11,673,188
Tenant security deposits	<u>1,725</u>
Subtotal	<u>11,674,913</u>
Total Cash & Equivalents	<u><u>\$ 12,166,928</u></u>

<i>Unrestricted:</i>	
Certificates of Deposit	\$ 55,453
<i>Restricted:</i>	
Certificates of Deposit	<u>435,403</u>
Total Investments	<u><u>\$ 490,856</u></u>

NOTE 03 – ACCOUNTS RECEIVABLE

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

Other government receivables, gross	\$ 3,861
Allowance for doubtful accounts	<u>-</u>
Other government receivables, net	3,861
Insurance proceeds receivable	88,586
Accrued interest receivable	<u>118</u>
Accounts Receivable, Net	<u><u>\$ 92,565</u></u>

Section Intentionally Left Blank

Houma-Terrebonne Housing Authority

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

NOTE 04 – CAPITAL ASSETS

A summary of changes in capital assets were as follows:

	Balance at 10/01/21	Additions	Deletions	Balance at 09/30/22
Capital assets not being depreciated:				
Land	\$ 727,431	\$ -	\$ -	\$ 727,431
Construction in process	-	14,275	(14,275)	-
Total capital assets not being depreciated	<u>727,431</u>	<u>14,275</u>	<u>(14,275)</u>	<u>727,431</u>
Capital assets being depreciated:				
Buildings & improvements	23,914,373	45,470	-	23,959,843
Furniture & equipment	1,091,538	5,074	(534,914)	561,698
Total assets being depreciated	<u>25,005,911</u>	<u>50,544</u>	<u>(534,914)</u>	<u>24,521,541</u>
Accumulated depreciation	(22,600,967)	(751,088)	540,306	(22,811,749)
Net capital assets being depreciated:	<u>2,404,944</u>	<u>(700,544)</u>	<u>5,392</u>	<u>1,709,792</u>
Capital assets, net	<u>\$ 3,132,375</u>	<u>\$ (686,269)</u>	<u>\$ (8,883)</u>	<u>\$ 2,437,223</u>

For the year ended September 30, 2022, the Authority reported depreciation expense of \$751,088.

NOTE 05 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities were as following:

	Balance at 10/01/21	Additions	Deletions	Balance at 09/30/22
Total	<u>\$ 69,266</u>	<u>\$ 133,157</u>	<u>\$ (178,080)</u>	<u>\$ 24,343</u>

NOTE 06 – RETIREMENT PLAN

The Authority provides retirement benefits for all of its full-time employees through a defined contribution plan administered by the Housing Agency Retirement Trust. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Full-time and part-time employees are eligible to participate after six months of continuous and uninterrupted employment and no longer being in probationary status. The employee may contribute 3 percent and the Authority contributes 3 percent of the participating employee's base salary each month. The Authority's contributions for each employee, and interest allocated to the employee's account, begin vesting after 3 years and are fully vested after seven years of participation.

The Authority's total payroll during the year ended Houma-Terrebonne Housing Authority September 30, 2022 was \$473,410. The Authority's contributions were calculated using the base salary amount of approximately \$539,649. Contributions to the plan by both the employees and the Authority were \$30,065, of which \$548 is accrued as of year-end and included in accrued expenses on the statement of net position.

NOTE 07 – COMMITMENTS & CONTINGENCIES

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

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

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

NOTE 08 – ECONOMIC DEPENDENCE

The Authority is economically dependent upon annual contributions and grants from HUD. For the year ended September 30, 2022, HUD provided approximately 95 percent of the Authority's revenue. If the amount of revenues received from HUD falls below critical levels, the Authority's operating results could be adversely affected.

NOTE 09 – IMPAIRMENT OF CAPITAL ASSETS

Prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used will be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally will be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written off. During the year ended September 30, 2022, the Authority wrote off capital assets of \$534,914, with a net value of \$-, related to the effects of Hurricane Ida (see Note 10).

NOTE 10 – HURRICANE IDA

On August 29, 2021, Hurricane Ida struck the Gulf Coast region, yielding catastrophic results. As a result of the storm, the Authority has sustained significant damage to its properties. The Authority has submitted claims to its insurance provider to cover restoration costs. The Authority has recorded the resulting casualty gain or loss as the difference between the net book value of the damaged property and the estimated costs to replace the property. As additional information is obtained during the recovery activities, adjustments to previously recorded amounts may be necessary. For the year ended September 30, 2022, activity related to Hurricane Ida was as follows:

Property	Net Book Value of Damage	Proceeds Received	Restricted Cash
Bayou Towers	\$ 411,909	\$ 8,125,511	\$ 5,400,456
Senator Circle	1,647,459	6,634,072	6,272,732
	\$ 2,059,368	\$ 14,759,583	\$ 11,673,188

Section Intentionally Left Blank

Houma-Terrebonne Housing Authority

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

NOTE 11 – NET POSITION

The Authority has the following net positions as September 30, 2022:

Capital assets	\$ 2,437,223
Related debt	-
Net Investment in Capital Assets	<u>\$ 2,437,223</u>

Restricted cash	\$ 11,674,913
Restricted investments	435,403
Security deposits liability	(1,725)
Restricted Net Position	<u>\$ 12,108,591</u>

Section Intentionally Left Blank

Houma-Terrebonne Housing Authority

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2022

	<u>ALN</u>	<u>Other Awards Number</u>	<u>Disbursements or Expenditures</u>
FEDERAL GRANTOR			
U.S. Department of HUD - Direct Awards			
Public and Indian Housing	14.850		\$ 1,717,310
Capital Fund Program	14.872		<u>529,033</u>
Total U.S. Department of HUD - Direct Awards			<u>2,246,343</u>
Total U.S Department of HUD			<u>2,246,343</u>
Total Federal Awards			<u>\$ 2,246,343</u>

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards (the Schedule)

Scope of Presentation

The accompanying schedule presents the expenditures incurred (and related awards received) by the Houma-Terrebonne Housing Authority (the Authority) that are reimbursable under federal programs of federal agencies providing financial assistance and state awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal or state funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal or state reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Indirect Cost Rate

The Authority elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.

Houma-Terrebonne Housing Authority

Statement and Certification of Actual Costs

For the Year Ended September 30, 2022

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

Grant	Funds Approved	Funds Disbursed	Funds Expended	Balance Unspent
LA48P090501-18	\$ 1,045,971	\$ 986,286	\$ 986,286	\$ 59,685
LA48P090501-19	1,093,932	437,573	437,573	656,359
LA48P090501-20	1,182,423	370,702	370,702	811,721
LA48P090501-21	1,230,805	430,782	430,782	800,023
LA48P090501-22	\$ 1,512,858	\$ -	\$ -	\$ 1,512,858

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

Houma-Terrebonne Housing Authority

For the Year Ended September 30, 2022

Schedule of Compensation, Benefits and Other Payments to Agency Head

Agency Head Name: Nikita Gilton, Executive Director

Purpose		
<i>Salary</i>	\$	135,200
<i>Benefits - insurance</i>		619
<i>Benefits - retirement, including social security and medicare</i>		3,972
<i>Deferred compensation plan</i>		-
<i>Cell phone</i>		-
<i>Car allowance</i>		9,600
<i>Vehicle provided by government</i>		-
<i>Per diem</i>		284
<i>Dues</i>		-
<i>Reimbursements</i>		-
<i>Registration fees</i>		-
<i>Conference travel</i>		-

Schedule of Compensation Paid Board Members

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

Cheryl Chauvin Hebert-Chairperson

Danny Picou-Vice Chairperson

Michael Burke

Donald Sherman

Larry Vauclin

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



Board of Commissioners
Houma-Terrebonne Housing Authority
Houma, LA

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Houma-Terrebonne Housing Authority as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authorities' basic financial statements, and have issued our report thereon dated March 27, 2023.

Report on Internal Control over Financial Reporting

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

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

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

**Report on Compliance and Other Matters**

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's 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.

March 27, 2023

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



Board of Commissioners
Houma-Terrebonne Housing Authority
Houma, LA

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

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited Houma-Terrebonne Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Houma-Terrebonne Housing Authority's major federal programs for the year ended September 30, 2022. Houma-Terrebonne Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Houma-Terrebonne Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Houma-Terrebonne Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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



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

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

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

March 27, 2023

Houma-Terrebonne Housing Authority

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2022

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Internal controls over financial reporting:

 Material weakness(es) identified

 Significant deficiency(ies) identified

Noncompliance material to financial statements noted

Federal Awards

Internal control over major federal programs

 Material weakness(es) identified

 Significant deficiency(ies) identified

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

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

Identification of major federal programs:

<u>ALN(S)</u>	<u>Name of Federal Program or Cluster</u>
14.850	Low Rent Public Housing

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

Auditee qualified as a low-risk auditee

Section II Financial Statement Findings

No findings

Section III Federal Awards Findings

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

Houma-Terrebonne Housing Authority

Summary Schedule of Prior Year Findings

For the Year Ended September 30, 2022

Financial Statement Findings

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

Federal Award Findings and Question Costs

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

HOUMA-TERREBONNE HOUSING AUTHORITY

**Supplementary Information &
Independent Auditors' Report on Supplementary Information**

For the Year Ended September 30, 2022



smithmarion

Houma-Terrebonne Housing Authority

Table of Contents
For the Year Ended September 30, 2022

	<u>Page</u>
Independent Auditors' Report on Supplementary Information	1
SUPPLEMENTARY INFORMATION	
Independent Auditors' Report on Applying Agreed-Upon Procedures	2
Agreed Upon Procedures	4
Financial Data Schedule (HUD)	5

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



Board of Commissioners
Houma-Terrebonne Housing Authority
Houma, LA

Independent Auditors' Report on Supplementary Information

We have audited the basic financial statements of the Houma-Terrebonne Housing Authority as of and for the year ended September 30, 2022, and have issued our report thereon dated March 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial data schedules 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 are fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink that reads "Smith Marion & Co". The signature is written in a cursive, flowing style.

March 27, 2023

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



Board of Commissioners
Houma-Terrebonne Housing Authority
Houma, LA

Independent Accountants' Report on Applying Agreed-Upon Procedures

We have performed the procedure described in the third paragraph of this report, on the electronically submitted information included within the OMB Uniform Guidance reporting package. Houma-Terrebonne Housing Authority (Authority) is responsible for the accuracy and completeness of the electronically submitted information.

The Authority and the U.S. Department of Housing and Urban Development (HUD), Real Estate Assessment Center (REAC) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining whether the electronically submitted information agrees with the related hard copy documents within the OMB Uniform Guidance reporting package. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures are as follows:

We compared the electronically submitted items listed in the "UFRS Rule Information" column of the matrix/chart on the following page of this report with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 whether the electronically submitted information identified in the "UFRS Rule Information" column of the chart/matrix agrees with the related hard copy documents within the OMB Uniform Guidance reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



We were engaged to perform an audit in accordance with the OMB Uniform Guidance and *Government Auditing Standards* by the Authority as of and for the period ending September 30, 2022 and have issued our reports thereon dated March 27, 2023. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated March 27, 2023, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the OMB Uniform Guidance reporting package, required by the Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Authority. We take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Authority and HUD and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink, reading "Smith Marinda G", is positioned below the text.

March 27, 2023

Houma-Terrebonne Housing Authority

Agreed Upon Procedures
For the Year Ended September 30, 2022

Procedure	UFRS Rule Information	Hard Copy Document(s)	Findings
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned Cost	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form *	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Cost, Part 1 and OMB Data Collection Form *	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Cost, Part 1 and OMB Data Collection Form *	Agrees
8	Type of Compliance Requirements (G4200-020 & G4000-030)	OMB Data Collection Form *	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

Houma-Terrebonne Housing Authority
Financial Data Schedule
9/30/2022

		Project Total	1 Business Activities	COCC	Subtotal	ELIM	Primary	Total
111	Cash - Unrestricted	251,241	-	240,774	492,015	-	492,015	492,015
113	Cash - Other Restricted	11,673,188	-	-	11,673,188	-	11,673,188	11,673,188
114	Cash - Tenant Security Deposits	1,725	-	-	1,725	-	1,725	1,725
100	Total Cash	11,926,154	-	240,774	12,166,928	-	12,166,928	12,166,928
122	Accounts Receivable - HUD Other Projects	3,861	-	-	3,861	-	3,861	3,861
125	Accounts Receivable - Miscellaneous	88,092	-	494	88,586	-	88,586	88,586
129	Accrued Interest Receivable	105	-	13	118	-	118	118
120	Total Receivables, Net of Allowances for Doubtful Accounts	92,058	-	507	92,565	-	92,565	92,565
131	Investments - Unrestricted	-	-	55,453	55,453	-	55,453	55,453
132	Investments - Restricted	435,403	-	-	435,403	-	435,403	435,403
142	Prepaid Expenses and Other Assets	297,679	-	13,970	311,649	-	311,649	311,649
144	Inter Program Due From	-	-	40,822	40,822	(40,822)	-	-
150	Total Current Assets	12,751,294	-	351,526	13,102,820	(40,822)	13,061,998	13,061,998
161	Land	727,431	-	-	727,431	-	727,431	727,431
162	Buildings	23,329,363	86,075	-	23,415,438	-	23,415,438	23,415,438
164	Furniture, Equipment & Machinery - Administration	541,884	-	19,814	561,698	-	561,698	561,698
166	Accumulated Depreciation	(22,753,304)	(39,173)	(19,272)	(22,811,749)	-	(22,811,749)	(22,811,749)
168	Infrastructure	544,405	-	-	544,405	-	544,405	544,405
160	Total Capital Assets, Net	2,389,779	46,902	542	2,437,223	-	2,437,223	2,437,223
174	Other Assets	122,656	-	-	122,656	-	122,656	122,656
180	Total Non-Current Assets	2,512,435	46,902	542	2,559,879	-	2,559,879	2,559,879
290	Total Assets and Deferred Outflow of Resources	15,263,729	46,902	352,068	15,662,699	(40,822)	15,621,877	15,621,877

Houma-Terrebonne Housing Authority
Financial Data Schedule
9/30/2022

		Project Total	1 Business Activities	COCC	Subtotal	ELIM	Primary	Total
312	Accounts Payable <= 90 Days	30,572	-	14,370	44,942	-	44,942	44,942
321	Accrued Wage/Payroll Taxes Payable	8,362	-	11,044	19,406	-	19,406	19,406
322	Accrued Compensated Absences - Current Portion	11,378	-	22,239	33,617	-	33,617	33,617
341	Tenant Security Deposits	1,725	-	-	1,725	-	1,725	1,725
342	Unearned Revenues - Other, Prepaid Rent	2,719	-	-	2,719	-	2,719	2,719
346	Accrued Liabilities - Other	102,246	-	8,245	110,491	-	110,491	110,491
347	Inter Program - Due To	-	40,822	-	40,822	(40,822)	-	-
310	Total Current Liabilities	157,002	40,822	55,898	253,722	(40,822)	212,900	212,900
354	Accrued Compensated Absences - Non-Current	8,239	-	16,104	24,343	-	24,343	24,343
350	Total Non-Current Liabilities	8,239	-	16,104	24,343	-	24,343	24,343
300	Total Liabilities	165,241	40,822	72,002	278,065	(40,822)	237,243	237,243
508.4	Net Investment in Capital Assets	2,389,779	46,902	542	2,437,223	-	2,437,223	2,437,223
511.4	Restricted Net Position	12,108,591	-	-	12,108,591	-	12,108,591	12,108,591
512.4	Unrestricted Net Position	600,118	(40,822)	279,524	838,820	-	838,820	838,820
513	Total Equity - Net Assets / Position	15,098,488	6,080	280,066	15,384,634	-	15,384,634	15,384,634
600	Total Liabilities, Deferred Inflows of Resources and Net Position	15,263,729	46,902	352,068	15,662,699	(40,822)	15,621,877	15,621,877

Houma-Terrebonne Housing Authority
Financial Data Schedule
9/30/2022

		Project Total	1 Business Activities	COCC	Subtotal	ELIM	Primary Government	Total
70400	Tenant Revenue - Other	19,338	-	-	19,338	-	19,338	19,338
70500	Total Tenant Revenue	19,338	-	-	19,338	-	19,338	19,338
70600	HUD PHA Operating Grants	2,232,070	-	-	2,232,070	-	2,232,070	2,232,070
70610	Capital Grants	14,273	-	-	14,273	-	14,273	14,273
70710	Management Fee	-	-	481,673	481,673	(481,673)	-	-
70720	Asset Management Fee	-	-	62,280	62,280	(62,280)	-	-
70730	Book-Keeping Fee	-	-	46,710	46,710	(46,710)	-	-
70700	Total Fee Revenue	-	-	590,663	590,663	(590,663)	-	-
71100	Unrestricted Investment Income - Other	167	-	2,365	2,532	-	2,532	2,532
71500	Other Revenue	34,635	-	53,757	88,392	-	88,392	88,392
71600	Gain or Loss on Sale of Capital Assets	50,692	-	1,585	52,277	-	52,277	52,277
72000	Restricted Investment Income - Other	70,660	-	-	70,660	-	70,660	70,660
72000	Restricted Investment Income - Housing Assistance Payments	-	-	-	-	-	-	-
70000	Total Revenue	2,421,835	-	648,370	3,070,205	(590,663)	2,479,542	2,479,542
91100	Administrative Salaries	70,762	-	206,074	276,836	-	276,836	276,836
91200	Auditing Fees	35,668	-	8,182	43,850	-	43,850	43,850
91300	Management Fees - Internal	481,673	-	-	481,673	(481,673)	-	-
91310	Book-Keeping Fee	46,710	-	-	46,710	(46,710)	-	-
91500	Employee Benefit Contributions - Administrative	31,017	-	79,917	110,934	-	110,934	110,934
91600	Office Expenses	100,629	-	75,424	176,053	-	176,053	176,053
91700	Legal Expense	-	-	24,250	24,250	-	24,250	24,250
91800	Travel	1,248	-	2,878	4,126	-	4,126	4,126
91900	Other	7,130	-	62,652	69,782	-	69,782	69,782
91000	Total Operating - Administrative	774,837	-	459,377	1,234,214	(528,383)	705,831	705,831
92000	Asset Management Fee	62,280	-	-	62,280	(62,280)	-	-
92100	Tenant Services - Salaries	33,858	-	-	33,858	-	33,858	33,858
92300	Employee Benefit Contributions - Tenant Services	23,576	-	-	23,576	-	23,576	23,576
92400	Tenant Services - Other	42,212	-	-	42,212	-	42,212	42,212
92500	Total Tenant Services	99,646	-	-	99,646	-	99,646	99,646
93100	Water	375,689	643	475	376,807	-	376,807	376,807
93200	Electricity	97,484	-	321	97,805	-	97,805	97,805
93300	Gas	3,514	-	1	3,515	-	3,515	3,515
93600	Sewer	261,580	-	406	261,986	-	261,986	261,986
93800	Other Utilities Expense	9,943	-	29	9,972	-	9,972	9,972
93000	Total Utilities	748,210	643	1,232	750,085	-	750,085	750,085

See Auditors' report on supplementary information

Houma-Terrebonne Housing Authority
Financial Data Schedule
9/30/2022

		Project Total	1 Business Activities	COCC	Subtotal	ELIM	Primary Government	Total
94100	Ordinary Maintenance and Operations - Labor	61,013	-	-	61,013	-	61,013	61,013
94200	Ordinary Maintenance and Operations - Materials and Other	53,762	-	391	54,153	-	54,153	54,153
94300	Ordinary Maint. & Operations - Garbage & Trash	42,805	43	34	42,882	-	42,882	42,882
94300	Ordinary Maint. & Operations - HVAC	21,117	-	-	21,117	-	21,117	21,117
94300	Ordinary Maint. & Operations - Elevator	15,077	-	-	15,077	-	15,077	15,077
94300	Ordinary Maint. & Operations - Landscape & Grounds	7,790	-	-	7,790	-	7,790	7,790
94300	Ordinary Maint. & Operations - Electrical Contracts	11,053	-	-	11,053	-	11,053	11,053
94300	Ordinary Maint. & Operations - Extermination	2,352	250	8	2,610	-	2,610	2,610
94300	Ordinary Maint. & Operations - Janitorial Contracts	616	-	141	757	-	757	757
94300	Ordinary Maint. & Operations - Misc. Contracts	22,711	-	186	22,897	-	22,897	22,897
94500	Employee Benefit Contributions - Ordinary Maintenance	41,028	-	-	41,028	-	41,028	41,028
94000	Total Ordinary Maint. and Op.	279,324	293	760	280,377	-	280,377	280,377
95200	Protective Services - Other Contract Costs	138,789	-	-	138,789	-	138,789	138,789
95000	Total Protective Services	138,789	-	-	138,789	-	138,789	138,789
96110	Property Insurance	120,680	968	291	121,939	-	121,939	121,939
96120	Liability Insurance	76,315	199	17,497	94,011	-	94,011	94,011
96130	Workmen's Compensation	14,154	-	6,667	20,821	-	20,821	20,821
96140	All Other Insurance	413,361	-	5,854	419,215	-	419,215	419,215
96100	Total Insurance Premiums	624,510	1,167	30,309	655,986	-	655,986	655,986
96210	Compensated Absences	66,720	-	66,437	133,157	-	133,157	133,157
96400	Bad Debt - Tenant Rents	191	393	-	584	-	584	584
96000	Total Other General Expenses	66,911	393	66,437	133,741	-	133,741	133,741
96900	Total Operating Expenses	2,794,507	2,496	558,115	3,355,118	(590,663)	2,764,455	2,764,455
97000	Excess of Op. Revenue Over Op. Expenses	(372,672)	(2,496)	90,255	(284,913)	-	(284,913)	(284,913)
97200	Casualty Losses - Non-Capitalized	4,375	-	-	4,375	-	4,375	4,375
97400	Depreciation Expense	746,993	3,011	1,084	751,088	-	751,088	751,088
90000	Total Expenses	3,545,875	5,507	559,199	4,110,581	(590,663)	3,519,918	3,519,918
10010	Operating Transfer In	391,680	-	-	391,680	(391,680)	-	-
10020	Operating Transfer Out	(391,680)	-	-	(391,680)	391,680	-	-
10070	Extraordinary Items, Net Gain/Loss	(2,310,604)	-	-	(2,310,604)	-	(2,310,604)	(2,310,604)
10100	Total Other Financing Sources (Uses)	(2,310,604)	-	-	(2,310,604)	-	(2,310,604)	(2,310,604)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(3,434,644)	(5,507)	89,171	(3,350,980)	-	(3,350,980)	(3,350,980)
11030	Beginning Equity	18,533,132	11,587	190,895	18,735,614	-	18,735,614	18,735,614
11040	Prior Period Adjustments	-	-	-	-	-	-	-
11040	Equity Transfers	-	-	-	-	-	-	-

See Auditors' report on supplementary information

HOUMA-TERREBONNE HOUSING AUTHORITY

**Independent Auditors' Report on Applying Agreed-Upon
Procedures
For the Year Ended September 30, 2022**



smithmarion

Houma-Terrebonne Housing Authority

Agreed Upon Procedures
For the Year Ended September 30, 2022

Page

Independent Auditors' Report on Applying Agreed-Upon Procedures

1

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



Board of Commissioners
Houma-Terrebonne Housing Authority
Houma, LA

To the Governing Board of Houma-Terrebonne Housing Authority and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the Control and Compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 01, 2021, through September 30, 2022. Houma-Terrebonne Housing Authority's management is responsible for those C/C areas identified in the SAUPs. Houma-Terrebonne Housing Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 01, 2021, through September 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Written Policies and Procedures – Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations).
 - a. Budgeting, including preparing, adopting, monitoring, and amending the budget.
 - b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c. Disbursements, including processing, reviewing, and approving.
 - d. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e. Payroll/Personnel, including (1) payroll processing, (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.
- k. Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l. Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Result: No exceptions were found as a result of applying the procedure.

2. Board or Finance Committee – 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.

Result: No exceptions were found as a result of applying the procedure.

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).
- 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.

Result: No exceptions were found as a result of applying the procedure.



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).
5. Obtain a listing of deposit sites and for each deposit site selected, obtain a listing of collection locations 12 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.

Result: No exceptions were found as a result of applying the procedure.

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.

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.

Result: No exceptions were found as a result of applying the procedure.

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.
- 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 it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Result: No exceptions were found as a result of applying the procedure.



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.

Result: No exceptions were found as a result of applying the procedure.

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.

Result: No exceptions were found as a result of applying the procedure.

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.

Result: No exceptions were found as a result of applying the procedure.

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.

Result: No exceptions were found as a result of applying the procedure.

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).

Result: No exceptions were found as a result of applying the procedure.

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.

Result: No exceptions were found as a result of applying the procedure.



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.

Result: No exceptions were found as a result of applying the procedure.

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.

Result: No exceptions were found as a result of applying the procedure.



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

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

This report is intended 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.

March 27, 2023