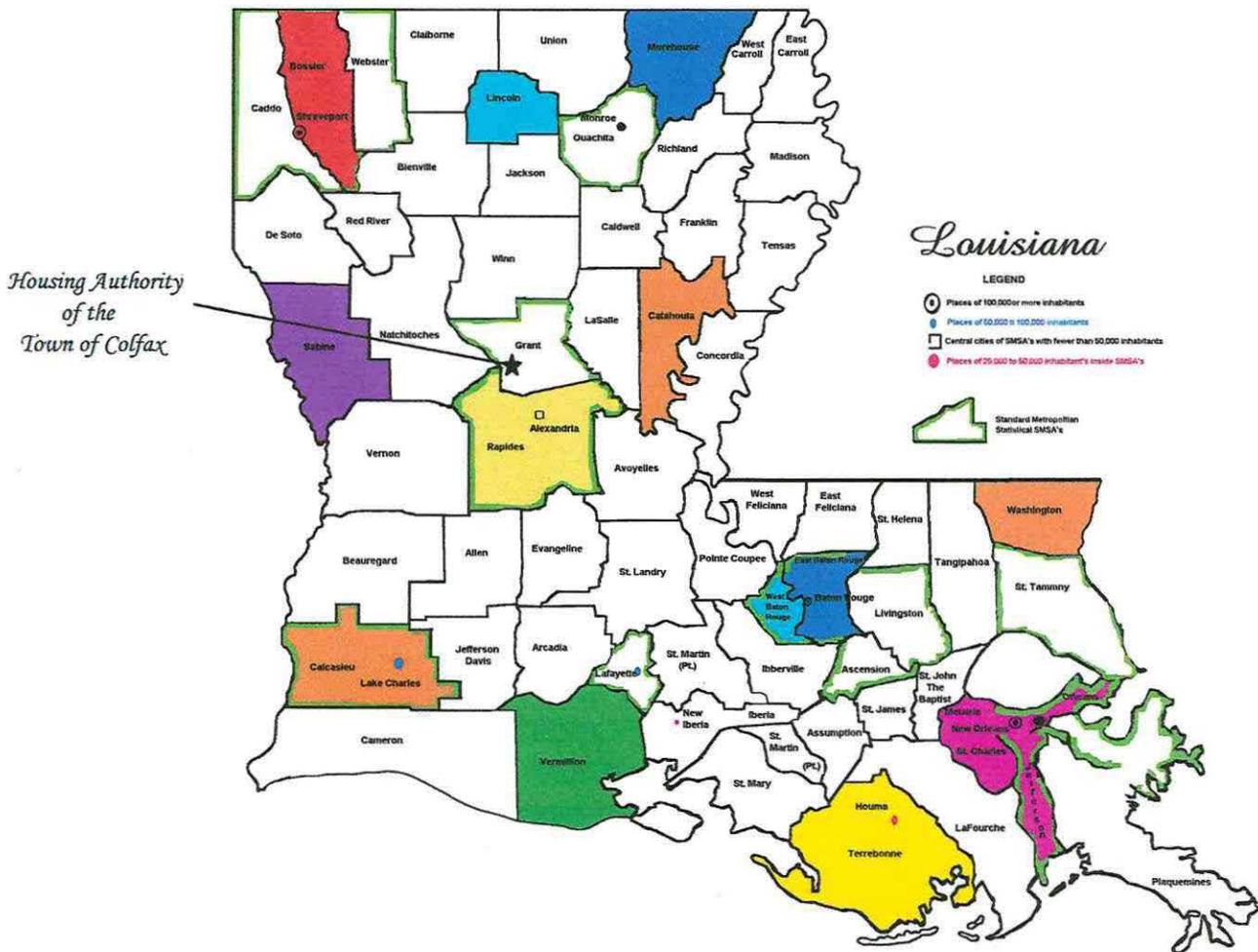


**HOUSING AUTHORITY
OF THE
TOWN OF COLFAX, LOUISIANA**

**Financial Statements &
Supplemental Financial Information
March 31, 2018**

HOUSING AUTHORITY OF THE TOWN OF COLFAX COLFAX, LOUISIANA



* The Colfax Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Colfax Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

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March 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

Housing Authority of the
Town of Colfax, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Town of Colfax, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Town of Colfax, as of March 31, 2018, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Colfax's basic financial statements. The accompanying Financial Data Schedule, required by HUD, and supplementary schedules and statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule and supplementary schedules and statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule and supplementary schedules and statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2018, on our consideration of the Housing Authority of the Town of Colfax'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the Town of Colfax's internal control over financial reporting and compliance.

The Vercher Group

August 22, 2018

Jena, Louisiana

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**Management's Discussion and Analysis
March 31, 2018**

As management of the Housing Authority of the Town of Colfax, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,051,283 (net position).

As of the close of the current fiscal year, the Authority's ending unrestricted net position was \$53,662.

The Authority's cash balance at March 31, 2018, was \$71,554, of which \$56,209 was restricted.

The Authority had total revenue of \$716,877, of which \$623,086 was operating revenues, \$21,148 was non-operating revenues, and \$72,643 was capital contributions.

The Authority had total expenses of \$779,518, of which \$162,457 was depreciation expense, a non-cash expense.

Overview of the Basic Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and the notes to the basic financial statements.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Position includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

The Authority has three main funding sources in its financial operation. These are the Low Rent Public Housing, Capital Fund programs, and Section 8 Vouchers. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

**Housing Authority of the Town of Colfax
Management's Discussion and Analysis - Continued
March 31, 2018**

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

The table below lists the asset and liability comparisons for the year ended March 31, 2018.

Statement of Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Current & Restricted Assets	\$ 120,992	\$ 230,966	90.9
Capital Assets, Net of Depreciation	<u>1,079,981</u>	<u>990,165</u>	-8.3
Total Assets	<u>1,200,973</u>	<u>1,221,131</u>	1.7
Current Liabilities	68,810	151,125	119.6
Non-Current Liabilities	<u>18,239</u>	<u>18,723</u>	2.7
Total Liabilities	<u>87,049</u>	<u>169,848</u>	95.1
Net Investment in Capital Assets	1,079,981	990,165	-83.2
Restricted Net Position	-0-	7,456	100.0
Unrestricted Net Position	<u>33,943</u>	<u>53,662</u>	58.1
Total Net Position	<u>\$ 1,113,924</u>	<u>\$ 1,051,283</u>	-5.6

- Total assets increased by \$20,158 or 1.7% from last year. The primary reason for this increase was due to an increase in current and restricted assets in the amount of \$109,974.
- Total liabilities increased by \$82,799 or 95.1%. The primary reason for this change is due to an increase in accrued liabilities and other in the amount of \$51,447.
- Unrestricted net position increased by \$19,719 or 58.1%. The increase in assets is the main contributor for this increase.

**Housing Authority of the Town of Colfax
Management's Discussion and Analysis - Continued
March 31, 2018**

The table below lists the revenue and expense comparisons for the year ended March 31, 2018.

Statement of Revenues, Expenses, & Changes in Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Operating Revenues			
Tenant Revenue	\$ 145,701	\$ 148,489	1.9
HUD PHA Operating	451,632	474,597	5.1
Total Operating Revenues	<u>597,333</u>	<u>623,086</u>	4.3
Operating Expenses			
Administrative	199,322	190,820	-4.3
Tenant Services	100	100	0.0
Utilities	46,528	42,161	-9.4
Maintenance	158,615	145,172	-8.5
Insurance	56,306	52,808	-6.2
General	17,601	22,711	29.0
HAP Portability-IN	4,932	12,311	149.6
Housing Assistance Payments	155,206	150,978	-2.7
Depreciation	162,712	162,457	-0.2
Total Operating Expenses	<u>801,322</u>	<u>779,518</u>	-2.7
Operating Income (Loss)	<u>(203,989)</u>	<u>(156,432)</u>	-23.3
Non-Operating Revenues (Expenses)			
Investment Income	427	412	-3.5
Other Revenue	24,204	20,666	-14.6
Casualty Losses	(3,342)	-0-	-100.0
Gain (Loss) on Sale of Capital Assets	-0-	70	100.0
Total Non-Operating Revenues (Expenses)	<u>21,289</u>	<u>21,148</u>	-0.7
Capital Contributions	108,563	72,643	-33.1
Change in Net Position	(74,137)	(62,641)	-15.5
Net Position - Beginning	1,188,061	1,113,924	-6.2
Net Position - Ending	<u>\$ 1,113,924</u>	<u>\$ 1,051,283</u>	-5.6

- Total operating revenues increased by \$25,753 or 4.3%. The primary reason is because of an increase in HUD PHA operating revenue of \$22,965 or 5.1%.
- Total operating expenses decreased by \$21,804 or 2.7%. The primary reason is because of a decrease in maintenance expense of \$13,443.
- Capital Contributions decreased by \$35,920 or 33.1%.

**Housing Authority of the Town of Colfax
Management's Discussion and Analysis - Continued
March 31, 2018**

Capital Asset and Debt Administration

Capital Assets

As of March 31, 2018, the Authority's investment in capital assets was \$990,165 (net of accumulated depreciation). This investment included land, building, building improvements, office equipment, maintenance equipment, and construction in progress.

Capital Assets	2017	2018
Land*	\$ 2,906	\$ 2,906
Building & Improvements	6,897,145	6,910,833
Furniture & Equipment	231,548	228,901
Construction in Progress*	-0-	58,955
Total Capital Assets	<u>7,131,599</u>	<u>7,201,595</u>
Less Accumulated Depreciation	<u>(6,051,618)</u>	<u>(6,211,430)</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,079,981</u>	<u>\$ 990,165</u>

*Land in the amount of \$2,906 and Construction in Progress of \$58,955 are not being depreciated.

Long Term Debt

The Authority does not have any long-term liabilities at this time.

Future Events That Will Impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the March 31, 2019 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Authority's Financial Management

The 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 following address:

Housing Authority of the Town of Colfax
P.O. Box 179
Colfax, LA 71417

Basic Financial Statements

**Housing Authority of the Town of Colfax
Colfax, Louisiana
Statement of Net Position
March 31, 2018**

ASSETS	LOW RENT	HOUSING VOUCHERS	TOTAL ENTERPRISE FUND
CURRENT ASSETS:			
Cash & Cash Equivalents	\$ 794	\$ 14,551	\$ 15,345
Investments	36,071	36,808	72,879
HUD Receivables	69,393	-0-	69,393
Receivables (Net of Allowances for Uncollectibles)	2,168	-0-	2,168
Prepays	12,558	-0-	12,558
Inventories (Net of Allowance)	2,414	-0-	2,414
RESTRICTED ASSETS:			
Cash and Cash Equivalents	48,753	7,456	56,209
TOTAL CURRENT ASSETS	172,151	58,815	230,966
NON-CURRENT ASSETS:			
Capital Assets (Net of Accumulated Depreciation)	990,165	-0-	990,165
TOTAL NON-CURRENT ASSETS	990,165	-0-	990,165
TOTAL ASSETS	1,162,316	58,815	1,221,131
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	7,865	3,247	11,112
Accrued Wages/Payroll Taxes Payable	2,194	-0-	2,194
Accrued Compensated Absences	4,612	55	4,667
Accounts Payable – HUD	19,206	-0-	19,206
Accrued Pilot	9,037	-0-	9,037
Tenant Security Deposits (Payable from Restricted Assets)	18,287	-0-	18,287
Unearned Revenue	31,273	-0-	31,273
Accrued Liabilities & Other	55,349	-0-	55,349
TOTAL CURRENT LIABILITIES	147,823	3,302	151,125
NON-CURRENT LIABILITIES:			
Accrued Compensated Absences	18,207	516	18,723
TOTAL NON-CURRENT LIABILITIES	18,207	516	18,723
TOTAL LIABILITIES	166,030	3,818	169,848
NET POSITION:			
Net Investment in Capital Assets	990,165	-0-	990,165
Restricted	-0-	7,456	7,456
Unrestricted	6,121	47,541	53,662
TOTAL NET POSITION	\$ 996,286	\$ 54,997	\$ 1,051,283

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Colfax
Colfax, Louisiana
Statement of Revenues, Expenses, & Changes in Net Position
Year Ended March 31, 2018**

	<u>LOW RENT</u>	<u>HOUSING VOUCHERS</u>	<u>TOTAL ENTERPRISE FUND</u>
OPERATING REVENUES:			
Tenant Rental Revenue	\$ 148,489	\$ -0-	\$ 148,489
HUD PHA Operating Grant	292,519	182,078	474,597
TOTAL OPERATING REVENUES	<u>441,008</u>	<u>182,078</u>	<u>623,086</u>
OPERATING EXPENSES:			
<i>Administration:</i>			
Administrative Salaries	92,088	4,473	96,561
EBC Administrative	29,895	-0-	29,895
Other Operating - Administrative	59,246	5,118	64,364
<i>Tenant Services:</i>			
Tenant Services-Other	100	-0-	100
<i>Cost of Sales & Service:</i>			
Water	18,464	-0-	18,464
Electricity	7,631	-0-	7,631
Gas & Sewer	16,066	-0-	16,066
Ordinary Maintenance – Labor	26,873	-0-	26,873
Materials	40,218	-0-	40,218
Contract Cost	74,437	-0-	74,437
EBC Maintenance	3,644	-0-	3,644
Insurance	52,808	-0-	52,808
Payment in Lieu of Taxes	9,037	-0-	9,037
Compensated Absences	10,479	125	10,604
Other General Expenses	3,070	-0-	3,070
Depreciation	162,457	-0-	162,457
Housing Assistance Payments	-0-	150,978	150,978
HAP Portability-In	-0-	12,311	12,311
TOTAL OPERATING EXPENSES	<u>606,513</u>	<u>173,005</u>	<u>779,518</u>
OPERATING INCOME (LOSS)	<u>(165,505)</u>	<u>9,073</u>	<u>(156,432)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest Earnings	412	-0-	412
Other Revenue	2,944	17,722	20,666
Gain (Loss) on Sale of Capital Assets	70	-0-	70
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3,426</u>	<u>17,722</u>	<u>21,148</u>
Capital Contributions	72,643	-0-	72,643
CHANGE IN NET POSITION	<u>(89,436)</u>	<u>26,795</u>	<u>(62,641)</u>
TOTAL NET POSITION - BEGINNING	<u>1,085,722</u>	<u>28,202</u>	<u>1,113,924</u>
TOTAL NET POSITION - ENDING	<u>\$ 996,286</u>	<u>\$ 54,997</u>	<u>\$ 1,051,283</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Colfax
Colfax, Louisiana
Statement of Cash Flows
Year Ended March 31, 2018**

	LOW RENT	HOUSING VOUCHERS	TOTAL ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers & Users	\$ 148,799	\$ 1,037	\$ 149,836
Receipts from Operating Grants	223,126	182,078	405,204
Payments to Suppliers	(231,264)	(5,040)	(236,304)
Payments to Employees	(118,718)	(4,472)	(123,190)
Payments to PILOT	(8,801)	-0-	(8,801)
Payments to Private Landlords	-0-	(163,289)	(163,289)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>13,142</u>	<u>10,314</u>	<u>23,456</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other Revenue	2,944	17,722	20,666
Gain (Loss) on Sale of Capital Assets	70	-0-	70
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>3,014</u>	<u>17,722</u>	<u>20,736</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Subsidy from Capital Grants	72,643	-0-	72,643
Acquisition and Construction of Capital Assets	(72,643)	-0-	(72,643)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest & Dividends Received	412	-0-	412
(Increase) Decrease in Investments	12,025	(17,401)	(5,376)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>12,437</u>	<u>(17,401)</u>	<u>(4,964)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	28,593	10,635	39,228
CASH, BEGINNING OF YEAR	<u>20,954</u>	<u>11,372</u>	<u>32,326</u>
CASH, END OF YEAR	<u>49,547</u>	<u>22,007</u>	<u>71,554</u>
RECONCILIATION TO BALANCE SHEET			
Cash and Cash Equivalents	794	14,551	15,345
Restricted Cash and Cash Equivalents	48,753	7,456	56,209
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 49,547</u>	<u>\$ 22,007</u>	<u>\$ 71,554</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Colfax
Colfax, Louisiana
Statement of Cash Flows
For The Year Ended March 31, 2018**

Reconciliation

	<u>Low Rent</u>	<u>Housing Vouchers</u>	<u>Total Enterprise Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (165,505)	\$ 9,073	\$ (156,432)
Depreciation Expense	162,457	-0-	162,457
(Increase) Decrease in Receivables	1,035	1,037	2,072
(Increase) Decrease HUD Receivables	(69,393)	-0-	(69,393)
(Increase) Decrease in Prepaid Items	420	-0-	420
(Increase) Decrease in Inventories	1,531	-0-	1,531
Increase (Decrease) in Accounts Payable	7	222	229
Increase (Decrease) in HUD Payables	-0-	-0-	-0-
Increase (Decrease) in Accrued Pilot	236	-0-	236
Increase (Decrease) in Customer Deposits	(725)	-0-	(725)
Increase (Decrease) in Compensated Absences	1,967	1	1,968
Increase (Decrease) in Accrued Wages Payable	(1,724)	-0-	(1,724)
Increase (Decrease) in Unearned Revenue	30,884	-0-	30,884
Increase (Decrease) in Accrued Liabilities & Other	51,447	-0-	51,447
Increase (Decrease) in Non-Current Liabilities-Other	505	(19)	486
TOTAL ADJUSTMENTS	<u>178,647</u>	<u>1,241</u>	<u>179,888</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>13,142</u>	<u>10,314</u>	<u>23,456</u>
LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES			
Contributions of Capital Assets From Government	\$ -0-	\$ -0-	\$ -0-

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2018**

INTRODUCTION

The Housing Authority of Colfax is an apartment complex for persons of low income located in Colfax, Louisiana. The Housing Authority is chartered as a public corporation under the laws (LSA – R.S. 40.391) of the State of Louisiana for the purpose of administering descent, safe, and sanitary dwelling for persons of low-income. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Colfax, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	LA – 2052	90
Section 8 - Housing Choice Vouchers	LA – 122	50

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Colfax because the Town of Colfax appoints a voting majority of the Housing Authority’s governing board. The Town of Colfax is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Colfax. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Colfax.

BASIS OF PRESENTATION

As required by Louisiana State Reporting Law (LSA-R.S. 24:514) and HUD regulations, financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of the PHA are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

Proprietary Fund Type – Proprietary fund is accounted for on the flow of economic resources measurements focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The PHA applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The PHA’s funds include the following type:

Enterprise Fund – Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. BASIC FINANCIAL STATEMENTS

The basic financial statements (i.e., the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position) report information on all of the activities of the authority.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The basic financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of Interfund activity has been eliminated from the basic financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the housing authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

D. DEPOSITS & INVESTMENTS

The housing authority’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the housing authority’s investment policy allow the housing authority to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

E. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either “due to/from other funds” (i.e., the current portion of Interfund loans) or “advances to/from other funds” (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the accompanying basic financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectives.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

F. INVENTORIES & PREPAID ITEMS

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The housing authority maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Site improvements	15 years
Buildings and building improvements	15-35 years
Furniture and equipment	5-7 years

H. UNEARNED REVENUE

The Housing Authority reports prepaid revenues on its Statement of Net Position. Prepaid revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for prepaid revenue is removed from the statement of net position and the revenue is recognized.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

I. REVENUE RECOGNITION

Revenues and other governmental fund financial source increments are recognized in the accounting period in which they become susceptible to accrual – that is, when they become *measurable* and *available* to the finance expenditures of the fiscal period. “Available” is determine as collectible within the past 12 months of the fiscal year or soon enough thereafter to be used in pay liabilities of the current period.

J. COMPENSATED ABSENCES

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

K. LONG-TERM OBLIGATIONS

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

L. EXTRAORDINARY & SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

M. ESTIMATES

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

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At March 31, 2018, the housing authority has cash and investments (bank balances) totaling \$152,545 as follows:

Demand deposits	\$	79,666
Time deposits		<u>72,879</u>
Total	\$	<u>152,545</u>

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

It is the housing authority's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The housing authority's deposits are categorized to give an indication of the level of risk assumed by the housing authority at year end. The categories are described as follows:

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

- *Category 1* – Insured or collateralized with securities held by the housing authority or by its agent in the housing authority’s name.
- *Category 2* – Collateralized with securities held by the pledging financial institution’s trust department or agent in the housing authority’s name.
- *Category 3* – Uncollateralized.

Amounts on deposit are secured by the following pledges:

Description	Colfax Bank
FDIC (Category 1)	\$ 152,545
Securities (Category 2)	-0-
Total Securities	\$ 152,545

Deposits were fully secured as of March 31, 2018.

The following represents Restricted Cash:

Other Restricted Cash – Low Rent	\$ 30,466
Tenant Security Deposits – Low Rent	18,287
Restricted Cash – Section 8	7,456
Total Restricted Cash	\$ 56,209

Other Restricted Cash – Low Rent represents funds designated for payment of current liabilities and Restricted Cash – Section 8 represents funds restricted for HAP payments.

3. ACCOUNTS RECEIVABLE

The receivables, net of allowances, of \$71,561 as of March 31, 2018, are as follows:

	General	Housing Choice Vouchers	Total
HUD Other Projects	\$ 69,393	\$ -0-	\$ 69,393
Accounts Receivable – Tenants	1,217	-0-	1,217
Accrued Interest Receivable – Tenants	281	-0-	281
Accounts Receivable – Miscellaneous	670	-0-	670
Allowance for Doubtful Accounts	-0-	-0-	-0-
Total	\$ 71,561	\$ -0-	\$ 71,561

4. PREPAID ITEMS

The housing authority’s prepaid items as of March 31, 2018, consist of the following:

Prepaid Insurance	\$ 12,558
Total	\$ 12,558

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

5. INVENTORIES

Inventories are reported using cost basis. The inventories of \$2,414 at March 31, 2018, are as follows:

Inventories	\$	2,541
Allowance for Obsolete Inventories		(127)
Total	\$	<u>2,414</u>

6. CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land*	\$ 2,906	\$ -0-	\$ -0-	\$ 2,906
Buildings & Leasehold Improvements	6,897,145	72,643	(58,955)	6,910,833
Furniture & Equipment, Etc.	231,548	-0-	(2,647)	228,901
Construction in Progress*	-0-	58,955	-0-	58,955
Total	<u>7,131,599</u>	<u>131,598</u>	<u>(61,602)</u>	<u>7,201,595</u>
Less Accumulated Depreciation	(6,051,618)	(162,457)	2,645	(6,211,430)
Net Capital Position	<u>\$ 1,079,981</u>	<u>\$ (30,859)</u>	<u>\$ (58,957)</u>	<u>\$ 990,165</u>

*Land in the amount of \$2,906 and Construction in Progress in the amount of \$58,955 are not being depreciated.

7. ACCOUNTS, SALARIES & OTHER PAYABLES

The payables of \$64,503 at March 31, 2018, are as follows:

	<u>General</u>	<u>Housing Choice Vouchers</u>	<u>Total</u>
Accounts Payable	\$ 7,865	\$ 3,247	\$ 11,112
Accrued Wages Payable (Payroll Taxes)	2,194	-0-	2,194
Accrued Compensated Absences (Current Portion)	4,612	55	4,667
Accounts Payable – HUD	19,206	-0-	19,206
Accrued Pilot	9,037	-0-	9,037
Tenant Security Deposit	18,287	-0-	18,287
Total	<u>\$ 61,201</u>	<u>\$ 3,302</u>	<u>\$ 64,503</u>

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

8. COMPENSATED ABSENCES

At March 31, 2018, employees of the PHA have accumulated and vested \$23,390 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at March 31, 2018, was \$4,667 recorded as current obligation and \$18,723 recorded as non-current obligation.

The following is a summary of changes in compensated absences payable at March 31, 2018:

		<u>Current</u>		<u>Noncurrent</u>		<u>Total</u>
Beginning of year	\$	2,699	\$	18,239	\$	20,938
Additions/Retirements		1,968		484		2,452
End of year	\$	4,667		18,723	\$	23,390

9. RETIREMENT SYSTEMS

The Housing Authority participated in the Louisiana Housing Group Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewals agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan the first day of the month after completing three continuous months of employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution of 4 to 8% of his effective compensation, and may make additional contributions. The employer is required to make monthly contributions of 4 to 8% of each participant's effective compensation, that matches the participant's contribution.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the Louisiana Housing Group Retirement Plan may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority made the required contributions of \$1,763 for the year ended March 31, 2018, of which \$1,763 was paid by the Housing Authority and \$-0- was paid by employees. No payments were made out of the forfeiture account.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

10. COMMITMENTS AND CONTINGENCIES

Commitments On June 20, 2013 the Authority entered into an Employment Agreement with the Executive Director. The agreement was for five years, July 1, 2013 through July 1, 2018.

The contract may be terminated for cause, as specified in the contract. The Board may also terminate without cause, if termination, in the Board's opinion, serves the best interests of the Authority. If the Executive Director is terminated for any reason, due process is required, as outlined in the agreement. The Director may terminate the agreement upon 60 days of written notice to the Board.

The Executive Director will be paid any accrued salary through the date of termination, in the event termination should occur. The Director is also entitled to all earned annual leave at the time of separation, regardless of the reason for the separation.

If terminated without cause, the Authority will pay the Executive Director on the effective date of termination a lump sum equal to salary and benefits she would have earned or received for the remainder of the one-year contract, plus accrued salary and benefits, unpaid accrued annual leave, and reasonable, authorized business expenses.

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

Construction Projects There are certain renovation or construction projects in progress at March 31, 2018. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Risk Management The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and deconstruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

The Housing Authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier of all major categories of exposed risk.

This includes coverage of property, general liability, public liability, and worker's compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the PHA's premiums and deductions are met.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

Louisiana State law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council Group Self Insured Fund (LHC) risk pool is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

Coverage has not significantly changed from the previous year and settlements for each of the past three years have not exceeded insurance coverage.

11. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$547,240 to the housing authority, which represents approximately 76.3% of the housing authority's revenue for the year.

12. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date though, August 22, 2018, of the independent auditor's report for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

Supplementary Information

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**Schedule of Compensation Paid to Board Members
Year Ended March 31, 2018**

Board Member	Title
Eugene Couvillion	Chairman
Huey Tademey	Vice-Chairman
Gwendolyn Allen	Board Commissioner
Tonya Williams	Board Commissioner
Willie Jewell	Board Commissioner (4/17-7/17)
Debra McKinney	Board Commissioner (9/17-3/18)

Board Commissioners received no salary per meeting.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended March 31, 2018**

Consondra Dorsey-Davis, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 48,692
Benefits-Insurance	8,187
Benefits-Retirement	1,763
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

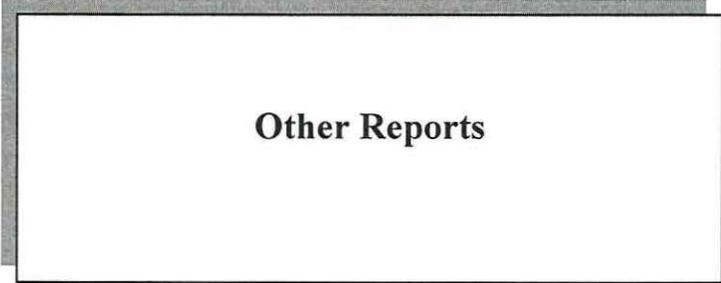
See independent auditor's report.

**Housing Authority of the Town of Colfax
Colfax, Louisiana**

**Statement and Certification of Actual Modernization Cost
Annual Contribution Contract**

	Incomplete Project CFP 501-2017	Incomplete Project CFP 501-2018	Total
	<u> </u>	<u> </u>	<u> </u>
The Actual Modernization Costs Are as Follows:			
1. Funds Approved	\$ 117,087	\$ 180,217	\$ 297,304
Funds Expended	<u>(17,330)</u>	<u>-0-</u>	<u>(17,330)</u>
Excess of Funds Approved	<u>99,757</u>	<u>180,217</u>	<u>279,974</u>
2. Funds Advanced	17,330	-0-	17,330
Funds Expended	<u>(17,330)</u>	<u>-0-</u>	<u>(17,330)</u>
Excess of Funds Advanced	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See independent auditor's report.



Other Reports

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

Housing Authority of the
Town of Colfax, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the Town of Colfax, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Colfax's basic financial statements, and have issued our report thereon dated August 22, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies (**2018-2 Old Outstanding Checks**).

Compliance and Other Matters

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

2018-1 Allocation of Expenses.

Housing Authority of the Town of Colfax's Response to Findings

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

Purpose of this Report

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

August 22, 2018

Jena, Louisiana

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended March 31, 2018**

Section II Financial Statement Findings

2018-1 Allocation of Expenses

Condition: Prior year audit fee was not allocated between section 8 and low rent.

Criteria: HUD requires shared expenses to be allocated between low rent and section 8 HCV accordingly.

Cause of Condition: Management not aware of the requirement.

Effect of Condition: Potential compliance violation.

Recommendation: Management should allocate expenses between low rent and section 8 HCV when necessary.

Client Response: Management will allocate expenses between low rent and section 8 HCV when necessary.

2018-2 Old Outstanding Checks

Condition: The Housing Authority has \$11,510 in outstanding checks that are more than six months old.

Criteria: Not clearing old outstanding checks on a regular basis can result in the issuance of financial statements that understates cash.

Cause of Condition: Not correcting the bank reconciliation.

Effect of Condition: Understatement of cash in the financial statements.

Recommendation: The old outstanding checks should be researched and reissued, remitted to unclaimed properties, or removed.

Client Response: The Housing Authority will research the transactions and have their fee accountant make the necessary adjustments.

Section III Federal Awards Findings and Questioned Costs.

Not applicable.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS:

2018-1 Allocation of Expenses

Finding: Prior year audit fee was not allocated between section 8 and low rent. HUD requires shared expenses to be allocated between low rent and section 8 HCV accordingly.

Corrective Action: Management will allocate expenses between low rent and section 8 HCV when necessary.

Contact Person: Consondra Dorsey-Davis, Executive Director

Anticipated Completion Date: March 31, 2019

2018-2 Old Outstanding Checks

Finding: The Housing Authority has \$11,510 in outstanding checks that are more than six months old. Not clearing old outstanding checks on a regular basis can result in the issuance of financial statements that understates cash.

Corrective Action: The Housing Authority will research the transactions and have their fee accountant make the necessary adjustments.

Contact Person: Consondra Dorsey-Davis, Executive Director

Anticipated Completion Date: March 31, 2019

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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Housing Authority's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No items to report.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of The Housing Authority of the Town of Colfax, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended March 31, 2017.

PRIOR YEAR FINDINGS

No findings to report.

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AGREED-UPON PROCEDURES REPORT

Housing Authority of the Town of Colfax, Louisiana

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of April 1, 2017-March 31, 2018

Colfax Housing Authority

Colfax, Louisiana

To the Colfax Housing Authority and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Colfax Housing Authority (entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period April 1, 2017 through March 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Observation: We obtained a copy of the written policies and procedures manual and read it for the above items.

Exception: The policy and procedures manual did not address debt service.

Management's Response: The entity does not have debt and is not allowed to enter into debt.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Observation: We read the minutes of the board meetings and found the board meets quarterly, financial statements are presented and the board approves disbursements in a budgetary format.

Exception: The board does not meet monthly.

Management's response: The board is supplied information monthly about entity operations and management and meets quarterly to review hard copies of operations and financials.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Observation: We obtained a listing and management's representation that the list is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Observation: We obtained a listing of bank accounts on bank confirmations and management's representation that the list is complete.

A) Bank reconciliations are prepared for all bank accounts that have activity.

B) The entity's fee accountant reviews all bank reconciliations.

C) We found that there were outstanding checks on the bank reconciliation that were more than 6 months old.

Exception: There are outstanding checks on the bank reconciliation that were more than 6 months old.

Management's Response: The entity will have its fee accountant research outstanding checks that are more than 6 months old.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Observation: We obtained the listing and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.*

For each cash collection location selected:

a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

➤ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

➤ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Observation:

A) The entity does not accept cash.

B) The entity does not accept cash.

C) The entity does not accept cash.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Observation: The entity has a policy and procedure that addresses collection procedures but does not require that the employee responsible for collections not be the same employee responsible for determining completeness. The entity does not accept cash.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Observation: We obtained a general ledger from the entity and management's representation that the general ledger population is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Observation: We randomly selected 25 disbursements and obtained supporting documentation of the following:

A) Purchases were initiated using a requisition order system.

B) Purchases are approved by a person not initiating the purchase, the board.

C) Purchases are not processed without an approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Observation: Inquiry found that the person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.

Exception: The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.

Management's Response: The board approves purchases and contracts made by the entity.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Observation: A board member has the final authorization for disbursements and has no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Observation: Inquiry and observation found that unused checks are locked in the entity's safe.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Observation: Inquiry found that the signature machine is under the executive director's control and all checks signed are kept under her direct control until mailed.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Observation: Management provided a listing of all credit cards and management's representation that the list is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Observation: The entity has (3) three credit cards. We selected (1) one card, Master Card.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the

authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Observation: We obtained the monthly statements for Master Card August 2017 and November 2017 and tested it for the following:

A) The statements were reviewed and approved by someone other than the authorized card holder (the board).

B) There were no finance charges on the statement.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Observation: We tested the August 2017 and November 2017 statements for the following:

A) Itemized receipt, documentation of the business purpose. There were no per diem reimbursements.

B) Compared each transaction with the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law.

C) Documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Observation: Management provided a general ledger and management's representation that the general ledger is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Observation: We obtained the entity's written policies relating to travel and related expense reimbursements and compared it to the per diem and mileage rates established by the U.S. General Services Administration. The policy manual allows per diem meals reimbursement of \$75 per day compared to GSA rate of \$64 per day and mileage rate of \$.565 compared to GSA mileage rate of \$.535.

Exception: The policy manual allows per diem meals reimbursement of \$75 per day compared to GSA rate of \$64 per day and mileage rate of \$.565 compared to GSA mileage rate of \$.535.

Management's Response: The board approved the rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Observation: We compared the expense documentation to the written policies and found the per diem reimbursed amounts in agreement. The actual mileage reimbursement was \$.58 compared to the policy manual amount of \$.565.

Exception: The actual mileage reimbursement was \$.58 compared to the policy manual amount of \$.565.

Management's Response: This was possibly caused by a rounding error.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Observation: The expense was supported by an itemized receipt based on established per diem amount and documentation of the business purpose, conference.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that

extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Observation: We compared the expenditures with Article 7, Section 14 of the La Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observation: All the expenditures were reviewed and approved in writing by someone other than the person receiving reimbursement (the board).

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Observation: We obtained a list of contracts from management and management's representation that the list is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Observation: (5) five contracts were tested for the following:

A) There was a written contract that supported the services arrangement and the amount to be paid.

B) None of the contracts were subject to the bid law.

- C) None of the contracts were amended.
- D) We selected the largest payment made on the contract per books and agreed it with the contract.
- E) Inquiry found the board approves all contracts.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Observation: We selected 5 employees and tested as follows:

A) There was one employment contract (the executive director) and there was documented pay rate structure on the entity's other employees. The salary per the employment contract agreed with the amount of salary paid plus an annual cost of living adjustment when the entity's financial condition allowed an increase.

B) There was one pay rate change during the year which was approved by the executive director per the employment contract.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Observation: We tested 5 employee's personnel files for the following:

A) All employees tested had daily attendance records.

B) All employees had written approval for attendance and leave.

C) Written leave documentation was maintained on all employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest

termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Observation: The entity had 7 terminations during the year. None of the employees were paid accrued leave.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Observation: We reviewed forms 941, the general ledger accrual accounts and made inquiries and found that the entity was not in arrears paying payroll taxes or retirement contributions.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Observation: Of the 5 employees/officials tested, none had ethics compliance documentation to demonstrate that the required ethics training was completed.

Exception: Of the 5 employees/officials tested, none had ethics compliance documentation to demonstrate that the required ethics training was completed.

Management’s Response: The entity was not aware that ethics training was required on all employees each year. Employees will be required to take ethics training each year in the future.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Observation: Inquiry found no alleged ethics violations reported to the entity during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Observation: No new debt was entered into during the fiscal year.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Observation: No debt outstanding.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Observation: Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Observation: Inquiry found no reported misappropriations of public funds.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observation: The entity has the notice posted on its premises.

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

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

The Vercher Group

Jena, Louisiana

August 22, 2018

Financial Data Schedule

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$794	\$14,551	\$15,345		\$15,345
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$7,456	\$7,456		\$7,456
114 Cash - Tenant Security Deposits	\$18,287	\$0	\$18,287		\$18,287
115 Cash - Restricted for Payment of Current Liabilities	\$30,466	\$0	\$30,466		\$30,466
100 Total Cash	\$49,547	\$22,007	\$71,554	\$0	\$71,554
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$69,393	\$0	\$69,393		\$69,393
124 Accounts Receivable - Other Government	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$670	\$0	\$670		\$670
126 Accounts Receivable - Tenants	\$1,217	\$0	\$1,217		\$1,217
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0		\$0
129 Accrued Interest Receivable	\$281	\$0	\$281		\$281
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$71,561	\$0	\$71,561	\$0	\$71,561
131 Investments - Unrestricted	\$36,071	\$36,808	\$72,879		\$72,879
132 Investments - Restricted	\$0	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$12,558	\$0	\$12,558		\$12,558
143 Inventories	\$2,541	\$0	\$2,541		\$2,541

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories	-\$127	\$0	-\$127		-\$127
144 Inter Program Due From	\$0	\$0	\$0		\$0
145 Assets Held for Sale	\$0	\$0	\$0		\$0
150 Total Current Assets	\$172,151	\$58,815	\$230,966	\$0	\$230,966
161 Land	\$2,906	\$0	\$2,906		\$2,906
162 Buildings	\$6,327,029	\$0	\$6,327,029		\$6,327,029
163 Furniture, Equipment & Machinery - Dwellings	\$19,960	\$0	\$19,960		\$19,960
164 Furniture, Equipment & Machinery - Administration	\$208,023	\$918	\$208,941		\$208,941
165 Leasehold Improvements	\$583,804	\$0	\$583,804		\$583,804
166 Accumulated Depreciation	-\$6,210,512	-\$918	-\$6,211,430		-\$6,211,430
167 Construction in Progress	\$58,955	\$0	\$58,955		\$58,955
168 Infrastructure	\$0	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$990,165	\$0	\$990,165	\$0	\$990,165
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	\$0	\$0	\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0		\$0
174 Other Assets	\$0	\$0	\$0		\$0
176 Investments in Joint Ventures	\$0	\$0	\$0		\$0
180 Total Non-Current Assets	\$990,165	\$0	\$990,165	\$0	\$990,165
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$1,162,316	\$58,815	\$1,221,131	\$0	\$1,221,131

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft	\$0	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$7,865	\$3,247	\$11,112		\$11,112
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$2,194	\$0	\$2,194		\$2,194
322 Accrued Compensated Absences - Current Portion	\$4,612	\$55	\$4,667		\$4,667
324 Accrued Contingency Liability	\$0	\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0		\$0
331 Accounts Payable - HUD PHA Programs	\$19,206	\$0	\$19,206		\$19,206
332 Account Payable - PHA Projects	\$0	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$9,037	\$0	\$9,037		\$9,037
341 Tenant Security Deposits	\$18,287	\$0	\$18,287		\$18,287
342 Unearned Revenue	\$31,273	\$0	\$31,273		\$31,273
343 Current Portion of Long-term Debt - Capital	\$0	\$0	\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0		\$0
345 Other Current Liabilities	\$0	\$0	\$0		\$0
346 Accrued Liabilities - Other	\$55,349	\$0	\$55,349		\$55,349
347 Inter Program - Due To	\$0	\$0	\$0		\$0
348 Loan Liability - Current	\$0	\$0	\$0		\$0
310 Total Current Liabilities	\$147,823	\$3,302	\$151,125	\$0	\$151,125
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$0	\$0	\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0		\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0		\$0
354 Accrued Compensated Absences - Non Current	\$18,207	\$516	\$18,723		\$18,723
355 Loan Liability - Non Current	\$0	\$0	\$0		\$0
356 FASB 5 Liabilities	\$0	\$0	\$0		\$0

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0		\$0
350 Total Non-Current Liabilities	\$18,207	\$516	\$18,723	\$0	\$18,723
300 Total Liabilities	\$166,030	\$3,818	\$169,848	\$0	\$169,848
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$990,165	\$0	\$990,165		\$990,165
511.4 Restricted Net Position	\$0	\$7,456	\$7,456		\$7,456
512.4 Unrestricted Net Position	\$6,121	\$47,541	\$53,662		\$53,662
513 Total Equity - Net Assets / Position	\$996,286	\$54,997	\$1,051,283	\$0	\$1,051,283
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$1,162,316	\$58,815	\$1,221,131	\$0	\$1,221,131

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$132,529	\$0	\$132,529		\$132,529
70400 Tenant Revenue - Other	\$15,960	\$0	\$15,960		\$15,960
70500 Total Tenant Revenue	\$148,489	\$0	\$148,489	\$0	\$148,489
70600 HUD PHA Operating Grants	\$292,519	\$182,078	\$474,597		\$474,597
70610 Capital Grants	\$72,643	\$0	\$72,643		\$72,643
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$412	\$0	\$412		\$412
71200 Mortgage Interest Income	\$0	\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$0		\$0
71500 Other Revenue	\$2,944	\$17,722	\$20,666		\$20,666
71600 Gain or Loss on Sale of Capital Assets	\$70	\$0	\$70		\$70
72000 Investment Income - Restricted	\$0	\$0	\$0		\$0
70000 Total Revenue	\$517,077	\$199,800	\$716,877	\$0	\$716,877
91100 Administrative Salaries	\$92,088	\$4,473	\$96,561		\$96,561

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
91200 Auditing Fees	\$8,800	\$0	\$8,800		\$8,800
91300 Management Fee	\$0	\$0	\$0		\$0
91310 Book-keeping Fee	\$0	\$0	\$0		\$0
91400 Advertising and Marketing	\$148	\$0	\$148		\$148
91500 Employee Benefit contributions - Administrative	\$29,895	\$0	\$29,895		\$29,895
91600 Office Expenses	\$30,266	\$4,999	\$35,265		\$35,265
91700 Legal Expense	\$3,889	\$0	\$3,889		\$3,889
91800 Travel	\$1,425	\$0	\$1,425		\$1,425
91810 Allocated Overhead	\$0	\$0	\$0		\$0
91900 Other	\$14,718	\$119	\$14,837		\$14,837
91000 Total Operating - Administrative	\$181,229	\$9,591	\$190,820	\$0	\$190,820
92000 Asset Management Fee	\$0	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0		\$0
92200 Relocation Costs	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0		\$0
92400 Tenant Services - Other	\$100	\$0	\$100		\$100
92500 Total Tenant Services	\$100	\$0	\$100	\$0	\$100
93100 Water	\$18,464	\$0	\$18,464		\$18,464
93200 Electricity	\$7,631	\$0	\$7,631		\$7,631
93300 Gas	\$162	\$0	\$162		\$162
93400 Fuel	\$0	\$0	\$0		\$0
93500 Labor	\$0	\$0	\$0		\$0
93600 Sewer	\$15,904	\$0	\$15,904		\$15,904
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0		\$0

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
93800 Other Utilities Expense	\$0	\$0	\$0		\$0
93000 Total Utilities	\$42,161	\$0	\$42,161	\$0	\$42,161
94100 Ordinary Maintenance and Operations - Labor	\$26,873	\$0	\$26,873		\$26,873
94200 Ordinary Maintenance and Operations - Materials and	\$40,218	\$0	\$40,218		\$40,218
94300 Ordinary Maintenance and Operations Contracts	\$74,437	\$0	\$74,437		\$74,437
94500 Employee Benefit Contributions - Ordinary Maintenance	\$3,644	\$0	\$3,644		\$3,644
94000 Total Maintenance	\$145,172	\$0	\$145,172	\$0	\$145,172
95100 Protective Services - Labor	\$0	\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0		\$0
95300 Protective Services - Other	\$0	\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0		\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$24,244	\$0	\$24,244		\$24,244
96120 Liability Insurance	\$5,872	\$0	\$5,872		\$5,872
96130 Workmen's Compensation	\$6,440	\$0	\$6,440		\$6,440
96140 All Other Insurance	\$16,252	\$0	\$16,252		\$16,252
96100 Total insurance Premiums	\$52,808	\$0	\$52,808	\$0	\$52,808
96200 Other General Expenses	\$0	\$0	\$0		\$0
96210 Compensated Absences	\$10,479	\$125	\$10,604		\$10,604
96300 Payments in Lieu of Taxes	\$9,037	\$0	\$9,037		\$9,037
96400 Bad debt - Tenant Rents	\$3,070	\$0	\$3,070		\$3,070
96500 Bad debt - Mortgages	\$0	\$0	\$0		\$0

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96600 Bad debt - Other	\$0	\$0	\$0		\$0
96800 Severance Expense	\$0	\$0	\$0		\$0
96000 Total Other General Expenses	\$22,586	\$125	\$22,711	\$0	\$22,711
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$444,056	\$9,716	\$453,772	\$0	\$453,772
97000 Excess of Operating Revenue over Operating Expenses	\$73,021	\$190,084	\$263,105	\$0	\$263,105
97100 Extraordinary Maintenance	\$0	\$0	\$0		\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0		\$0
97300 Housing Assistance Payments	\$0	\$150,978	\$150,978		\$150,978
97350 HAP Portability-In	\$0	\$12,311	\$12,311		\$12,311
97400 Depreciation Expense	\$162,457	\$0	\$162,457		\$162,457
97500 Fraud Losses	\$0	\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense	\$0	\$0	\$0		\$0
90000 Total Expenses	\$606,513	\$173,005	\$779,518	\$0	\$779,518
10010 Operating Transfer In	\$14,080	\$0	\$14,080	-\$14,080	\$0
10020 Operating transfer Out	-\$14,080	\$0	-\$14,080	\$14,080	\$0

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0		\$0
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0		\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0		\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$89,436	\$26,795	-\$62,641	\$0	-\$62,641
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,085,722	\$28,202	\$1,113,924		\$1,113,924
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0	\$0	\$0		\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$47,540	\$47,540		\$47,540
11180 Housing Assistance Payments Equity		\$7,457	\$7,457		\$7,457

HOUSING AUTHORITY OF THE TOWN OF COLFAX (LA122)

Colfax, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
11190 Unit Months Available	1065	470	1535		1535
11210 Number of Unit Months Leased	1010	448	1458		1458
11270 Excess Cash	-\$27,648		-\$27,648		-\$27,648
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$58,955		\$58,955		\$58,955
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0		\$0
11650 Leasehold Improvements Purchases	\$13,688		\$13,688		\$13,688
11660 Infrastructure Purchases	\$0		\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0		\$0