

HOUSING AUTHORITY OF HAMMOND, LOUISIANA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED DECEMBER 31, 2017

Mike Estes, P.C.
A Professional Accounting Corporation

TABLE OF CONTENTS

| | <u>EXHIBIT</u> | <u>PAGE</u> |
|--|----------------|-------------|
| Independent Auditor's Report | | 1 – 3 |
| Management Discussion & Analysis | | 4 – 9 |
| Basic Financial Statements | | |
| Statement of Net Position | A | 10 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position | B | 11 |
| Statement of Cash Flows | C | 12 – 13 |
| Notes to the Basic Financial Statements | | 14 – 26 |
| Index | | 14 |
| Notes to Financial Statements | | 15– 26 |
| <u><i>Other Reports Required by Government Auditing Standards And by Office of Management and Budget (OMB) Compliance Supplement</i></u> | | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | | 27 – 28 |
| Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance | | 29 – 31 |
| Schedule of Expenditures of Federal Awards | | 32 |
| Notes to the Schedule of Expenditures of Federal Awards | | 33 |
| Schedule of Findings and Questioned Costs | | 34 – 36 |
| Corrective Action Plan | | 37 |
| Summary Schedule of Prior Audit Findings | | 38 |
| <u><i>Supplementary Information</i></u> | | |
| Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Director | D(1) | 39 |
| Agreed-Upon Procedures Report | | 40 – 53 |
| Financial Data Schedules | | 54 – 58 |



MIKE ESTES, CPA

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4040 FOSSIL CREEK BLVD. – SUITE 100
FORT WORTH, TEXAS 76137

Phone (817) 831-3553
Fax (817) 831-3558
e-mail: office@mikeestepc.com
website: mikeestepc.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

Independent Auditor's Report

Board of Commissioners
Housing Authority of Hammond
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Housing Authority of the City of Hammond, Louisiana as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of Hammond, Louisiana 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 financial statements. The procedures selected depend on the auditor's judgment, including 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 and 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 each major fund of the Housing Authority of the City of Hammond, Louisiana, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Also included in Supplementary Information is an Agreed-Upon Procedures report, which reports on an Agreed-Upon Procedures engagement now required by the Louisiana Legislative Auditor. Our opinion is not modified in respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Managements' Discussion and Analysis on pages 4 to 9 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 general 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 City of Hammond, Louisiana's basic financial statements. The financial data schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial data schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other information as listed on the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected

to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules, schedule of expenditures of federal awards, and other information as listed on the table of contents 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 June 25, 2018 on our consideration of the Housing Authority of the City of Hammond, Louisiana'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 Audit Standards* in considering the Housing Authority of the City of Hammond, Louisiana's internal control over financial reporting and compliance.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
June 25, 2018

Housing Authority of Hammond, Louisiana
Management's Discussion and Analysis (MD&A)
For the Year Ended, December 31, 2017

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

This financial report is designed to provide an overview of the Housing Authority's total financial picture for the fiscal year ending December 31, 2017, for those with an interest. Please read this discussion and analysis in conjunction with the Housing Authority's included audited financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the City of Hammond, 411 West Coleman Ave., Hammond, LA 70403

FINANCIAL HIGHLIGHTS

- The Housing Authority's primary source of funding continues to be subsidies and grants from the United States Department of Housing and Urban Development (HUD). Additionally, the Housing Authority receives rental subsidy from the United States Department of Agriculture (USDA) for the Jackson Square Rural Development.
- The Housing Authority's net position increased by \$36,532 during the fiscal year.
- The Housing Authority's operating revenue decreased by \$17,926 during the fiscal year.
- The Housing Authority's operating expenses decreased by \$20,898 during the fiscal year.
- At the close of the current fiscal year, the Housing Authority's Assets exceeded its Liabilities by \$571,864.
- The Housing Authority administers federal grants to benefit the low income, elderly and disabled citizens of the City of Hammond.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Housing Authority's internal controls.

Housing Authority of Hammond, Louisiana
Management's Discussion and Analysis (MD&A)
For the Year Ended, December 31, 2017

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Housing Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2017?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net position and changes in them. One can think of the Housing Authority's net position – the difference between assets and deferred outflows and liabilities and deferred inflows of resources – as one way to measure the Housing Authority's financial health, or financial position. Over time, increases and decreases in the Housing Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Housing Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Jackson Square Rural Development
Section 8 Housing Choice Vouchers

The Housing Authority's auditors provided varying degrees of assurance in their independent auditor's report with which this MD&A is included. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to determine the level of assurance provided for each of the other parts of this report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD) and United States Department of Agriculture (USDA). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

Housing Authority of Hammond, Louisiana
Management's Discussion and Analysis (MD&A)
For the Year Ended, December 31, 2017

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net position, is an important financial indicator.

Financial Analysis
Condensed Statement of Net Position

| | <u>2017</u> | <u>2016</u> | <u>Net Change</u> |
|----------------------------------|-------------------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | \$ 596,763 | \$ 711,059 | \$ (114,296) |
| Restricted assets | 79,914 | 87,014 | (7,100) |
| Capital assets (net) | <u>189,518</u> | <u>203,348</u> | <u>(13,830)</u> |
| Total Assets | <u>866,195</u> | <u>1,001,421</u> | <u>(135,226)</u> |
| LIABILITIES | | | |
| Current liabilities | 60,327 | 75,800 | (15,473) |
| Deposits due others | 6,950 | 7,075 | (125) |
| Noncurrent liabilities | <u>227,054</u> | <u>239,503</u> | <u>(12,449)</u> |
| Total Liabilities | <u>294,331</u> | <u>322,378</u> | <u>(28,047)</u> |
| DEFERRED INFLOW OF | | | |
| Prepaid HAP revenue | <u>-</u> | <u>143,711</u> | <u>143,711</u> |
| Total deferred inflows of | <u>-</u> | <u>143,711</u> | <u>143,711</u> |
| NET POSITION | | | |
| Net investment in capital assets | (19,771) | (20,859) | 1,088 |
| Restricted for HAP Equity | 10,467 | 8,080 | 2,387 |
| Unrestricted | <u>581,168</u> | <u>548,111</u> | <u>33,057</u> |
| Total Net Position | <u>\$ 571,864</u> | <u>\$ 535,332</u> | <u>\$ 36,532</u> |

Current Assets decreased by \$114,296.

Capital Assets decreased by \$13,830. This decrease is a result of current depreciation expense exceeding furniture and equipment purchased by the Authority during the year.

Current Liabilities decreased by \$15,473 as a result of decreases in accrued compensated absences and unearned revenue, offset by increases in accounts payable to vendors, accrued wages payable and notes and interest payable due within one year in FYE 2017 as compared to FYE 2016.

Noncurrent Liabilities decreased by \$12,449 due to a reduction in notes payable, offset by an increase in accrued noncurrent compensated absences during the year.

Net position - The difference between an organization's assets and its liabilities is its net position. Net position is categorized as one of three types.

Housing Authority of Hammond, Louisiana
Management's Discussion and Analysis (MD&A)
For the Year Ended, December 31, 2017

- Invested in capital assets, net of related debt - capital assets, net of accumulated depreciation and related debt due to the capital asset and long-term debt activity;
- Restricted - the Authority's net position whose use is subject to constraints imposed by law or agreement consisting primarily of debt service reserves;
- Unrestricted - the Authority's net position that are neither invested in capital assets nor restricted which increase principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors.

Financial Analysis
Condensed Statement of Revenues, Expenses and Changes in Net Position

| | <u>2017</u> | <u>2016</u> | <u>Net Change</u> |
|---|-------------------|-------------------|-------------------|
| Operating Revenues: | | | |
| Dwelling Rental | \$ 31,684 | \$ 33,486 | \$ (1,802) |
| Governmental operating grants | 1,877,415 | 1,874,806 | 2,609 |
| Other Operating | <u>175,559</u> | <u>194,292</u> | <u>(18,733)</u> |
| Total operating revenues | 2,084,658 | 2,102,584 | (17,926) |
| Operating Expenses: | | | |
| Administrative | 211,392 | 200,902 | 10,490 |
| Utilities | 5,385 | 4,587 | 798 |
| Ordinary maintenance & operations | 34,153 | 43,201 | (9,048) |
| General expenses | 55,270 | 71,270 | (16,000) |
| Depreciation | 20,829 | 20,649 | 180 |
| Housing assistance payments | <u>1,720,848</u> | <u>1,728,166</u> | <u>(7,318)</u> |
| Total operating expenses | <u>2,047,877</u> | <u>2,068,775</u> | <u>(20,898)</u> |
| Income (Loss) from Operations | 36,781 | 33,809 | 2,972 |
| Non-Operating Revenues (Expenses): | | | |
| Interest earnings | 1,923 | 1,600 | 323 |
| Interest expenses | <u>(2,172)</u> | <u>(2,319)</u> | <u>147</u> |
| Total Non-Operating Revenues | <u>(249)</u> | <u>(719)</u> | <u>470</u> |
| Change in net position | 36,532 | 33,090 | 3,442 |
| Total net position, beginning | <u>535,332</u> | <u>502,242</u> | <u>33,090</u> |
| Total net position, ending | <u>\$ 571,864</u> | <u>\$ 535,332</u> | <u>\$ 36,532</u> |

Housing Authority of Hammond, Louisiana
Management's Discussion and Analysis (MD&A)
For the Year Ended, December 31, 2017

EXPLANATIONS OF FINANCIAL ANALYSIS

Operating Revenue decreased by \$17,926 for the 2017 fiscal year. This decrease represents a decrease in dwelling rental and other operating revenue, offset by an increase in governmental operating grants.

Operating Expenses are categorized by the Authority as administrative, utilities, ordinary maintenance and operations, general expenses, depreciation and housing assistance payments expense.

Total operating expenses decreased by \$20,898. This decrease is attributable to decreases in ordinary maintenance & operations expense, general expense and housing assistance payments, offset by increases in administrative expense, utilities expense and depreciation expense for the 2017 fiscal year.

Administrative Expenses increased by \$10,490 for the 2017 fiscal year. Most of the increase is attributable to increases in employee benefit contributions, office expenses, travel, and other sundry expenses, offset by a decrease in administrative salaries and auditing expense.

Ordinary Maintenance and Operations Expenses decreased by \$9,048 for the 2017 fiscal year. The decrease is mainly related to a decrease in the usage of contract costs, offset by an increase in materials incurred in the continuation of unit turnaround efforts for the 2017 fiscal year as compared to the 2016 fiscal year.

General Expenses decreased by \$16,000 for the 2017 fiscal year. This decrease relates to a decrease in bad debt expenses and compensated absences expense, offset by an increase in insurance expense and other general expense in FYE 2017 as compared to FYE 2016.

Housing Assistance Payments decreased by \$7,318 for the 2017 fiscal year.

Non-operating Revenues increased by \$470.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Authority's capital assets as of December 31, 2017, amounts to \$189,518 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, furniture and equipment, and accumulated depreciation. The total decrease in the Authority's capital assets for the current fiscal year was \$13,830.

Capital Assets, Net of Accumulated Depreciation

| | <u>2017</u> | <u>2016</u> | <u>Net Change</u> |
|----------------------------|-------------------|-------------------|--------------------|
| Land | \$ 35,560 | \$ 35,560 | \$ - |
| Buildings and improvements | 747,561 | 747,561 | - |
| Furniture and equipment | 33,338 | 26,338 | 7,000 |
| Accumulated Depreciation | (626,941) | (606,111) | (20,830) |
| Total | <u>\$ 189,518</u> | <u>\$ 203,348</u> | <u>\$ (13,830)</u> |

Housing Authority of Hammond, Louisiana
Management's Discussion and Analysis (MD&A)
For the Year Ended, December 31, 2017

Additional information on the Housing Authority of Hammond's capital assets can be found in the notes to the financial statements in this report.

Debt

As of December 31, 2017, the Housing Authority had total debt outstanding of \$209,289 for the USDA loan on the Jackson Square Rural Development. The balance of the total outstanding debt at year end represents a decrease of \$14,918 from the previous year. See the notes to the financial statements for further information.

Non-current liabilities also include accrued annual vacation leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

FACTORS AFFECTING NEXT YEAR'S BUDGET

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The Housing Choice Voucher program funding is based on actual housing assistance paid and the number of vouchers housed. However, each year HUD prorates the funding for administrative fees based on the Federal budget.

ECONOMIC FACTORS

Significant economic factors which may also affect the financial position of the Authority in the subsequent fiscal year are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development and new rules and regulations, which could be unfunded;
- Local labor supply and demand, which can affect salary and wage rates;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore tenant rental income;
- Natural disasters which can have a devastating impact on the local economy;
- Inflationary pressure on utility rates, supplies and other costs; and
- Unemployment rates which can have an effect on rent.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
STATEMENT OF NET POSITION

DECEMBER 31, 2017

| | General | Rural Development | Total |
|---|-------------------|----------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 513,326 | \$ 22,360 | \$ 535,686 |
| Accounts receivable net | 44,476 | 0 | 44,476 |
| Prepaid items and other assets | 4,330 | 12,271 | 16,601 |
| Restricted assets - cash and cash equivalents | 10,467 | 69,447 | 79,914 |
| Total Current Assets | 572,599 | 104,078 | 676,677 |
| Capital Assets, net | | | |
| Land and other non-depreciated assets | 0 | 35,560 | 35,560 |
| Other capital assets - net of depreciation | 0 | 153,958 | 153,958 |
| Total Capital Assets, net | 0 | 189,518 | 189,518 |
| Total Assets | \$ 572,599 | \$ 293,596 | \$ 866,195 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 38,886 | \$ 2,216 | \$ 41,102 |
| Compensated absences payable | 4,105 | 0 | 4,105 |
| Accrued interest payable | 0 | 57 | 57 |
| Deposits due others | 0 | 6,950 | 6,950 |
| Notes payable | 0 | 15,063 | 15,063 |
| Total Current Liabilities | 42,991 | 24,286 | 67,277 |
| Noncurrent Liabilities | | | |
| Compensated absences payable | 32,828 | 0 | 32,828 |
| Notes payable | 0 | 194,226 | 194,226 |
| Total Liabilities | \$ 75,819 | 218,512 | 294,331 |
| NET POSITION | | | |
| Net investment in capital assets | 0 | (19,771) | (19,771) |
| Restricted for: | 0 | 0 | |
| HAP Equity | 10,467 | 0 | 10,467 |
| Unrestricted | 486,313 | 94,855 | 581,168 |
| Net Position | \$ 496,780 | \$ 75,084 | \$ 571,864 |

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED DECEMBER 31, 2017

| | General | Rural Development | Total |
|---|------------|----------------------|------------|
| OPERATING REVENUES | | | |
| Dwelling rental | \$ 0 | \$ 31,684 | \$ 31,684 |
| Governmental operating grants | 1,799,525 | 77,890 | 1,877,415 |
| Other- Fraud Recovery | 55,506 | 0 | 55,506 |
| Port-In Revenue | 117,809 | 0 | 117,809 |
| Other | 0 | 2,244 | 2,244 |
| Total Operating Revenues | 1,972,840 | 111,818 | 2,084,658 |
| OPERATING EXPENSES | | | |
| Administration | 189,327 | 22,065 | 211,392 |
| Utilities | 0 | 5,385 | 5,385 |
| Ordinary maintenance & operations | 0 | 34,153 | 34,153 |
| General expenses | 36,356 | 18,914 | 55,270 |
| Depreciation | 0 | 20,829 | 20,829 |
| Housing assistance payments | 1,613,795 | 0 | 1,613,795 |
| Port-In Payments | 107,053 | 0 | 107,053 |
| Total Operating Expenses | 1,946,531 | 101,346 | 2,047,877 |
| Income (Loss) from Operations | 26,309 | 10,472 | 36,781 |
| Non Operating Revenues (Expenses) | | | |
| Interest earnings | 1,877 | 46 | 1,923 |
| Interest expense | 0 | (2,172) | (2,172) |
| Total Non-Operating Revenues (Expenses) | 1,877 | (2,126) | (249) |
| Income (Loss) before contribution | 28,186 | 8,346 | 36,532 |
| Change in net position | 28,186 | 8,346 | 36,532 |
| Total net position - beginning | 468,594 | 66,738 | 535,332 |
| Total net position - ending | \$ 496,780 | \$ 75,084 | \$ 571,864 |

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

| | General | Rural Development | Total |
|---|-------------------|----------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Rental receipts | \$ 0 | \$ 32,236 | \$ 32,236 |
| Other receipts | 175,513 | 2,383 | 177,896 |
| Federal grants | 1,638,793 | 77,890 | 1,716,683 |
| Payments to vendors | (114,247) | (68,921) | (183,168) |
| Payments to employees – net | (107,125) | (14,210) | (121,335) |
| Payments to private landlords | (1,720,848) | 0 | (1,720,848) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided (used) by operating activities | (127,914) | 29,378 | (98,536) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of capital assets | 0 | (7,000) | (7,000) |
| Payments on Capital Debt | 0 | (14,918) | (14,918) |
| Interest expense | 0 | (2,170) | (2,170) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided (used) by capital and related financing activities | 0 | (24,088) | (24,088) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest income | 1,877 | 47 | 1,924 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided (used) by investing activities | 1,877 | 47 | 1,924 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (126,037) | 5,337 | (120,700) |
| CASH AND CASH EQUIVALENTS Beginning of Fiscal Year | 649,830 | 86,470 | 736,300 |
| | <u> </u> | <u> </u> | <u> </u> |
| CASH AND CASH EQUIVALENTS End of Fiscal Year | \$ 523,793 | \$ 91,807 | \$ 615,600 |
| | <u> </u> | <u> </u> | <u> </u> |

Continued

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

| | General | Rural Development | Total |
|--|---------------------|----------------------|--------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 26,309 | \$ 10,472 | \$ 36,781 |
| Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation Expense | (1,042) | 20,829 | 19,787 |
| Provision of uncollectible accounts | 9 | 0 | 9 |
| Change in assets and liabilities: | | | |
| Receivables | 0 | 552 | 552 |
| Prepaid items | (273) | (1,003) | (1,276) |
| Account payables | 6,773 | (1,347) | 5,426 |
| Unearned income | (15,979) | 0 | (15,979) |
| Deposits due others | 0 | (125) | (125) |
| Deferred inflows | (143,711) | 0 | (143,711) |
| Net cash provided (used) by operations | <u>\$ (127,914)</u> | <u>\$ 29,378</u> | <u>\$ (98,536)</u> |

Concluded

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

INDEX

| | |
|---|----|
| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 15 |
| A. REPORTING ENTITY | 15 |
| B. FUNDS | 16 |
| C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING | 16 |
| D. CASH AND CASH EQUIVALENTS..... | 17 |
| E. INVESTMENTS..... | 17 |
| F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES | 17 |
| G. INVENTORY AND PREPAID ITEMS..... | 18 |
| H. CAPITAL ASSETS | 18 |
| I. ALLOWANCE FOR DOUBTFUL ACCOUNTS | 18 |
| J. COMPENSATED ABSENCES | 18 |
| K. UNEARNED REVENUES | 18 |
| L. RESTRICTED NET POSITION | 18 |
| M. INTERFUND ACTIVITY..... | 19 |
| N. USE OF ESTIMATES..... | 19 |
| NOTE 2 – CASH AND CASH EQUIVALENTS | 19 |
| NOTE 3 – ACCOUNTS RECEIVABLE | 20 |
| NOTE 4 – CAPITAL ASSETS | 21 |
| NOTE 5 – ACCOUNTS PAYABLE..... | 21 |
| NOTE 6 – COMPENSATED ABSENCES..... | 21 |
| NOTE 7 – LONG – TERM OBLIGATIONS..... | 22 |
| NOTE 8 – RESERVED FUND ACCOUNT..... | 23 |
| NOTE 9 – RENTAL SERVICE AGREEMENT..... | 24 |
| NOTE 10 – POST EMPLOYMENT BENEFITS | 24 |
| NOTE 11 – INTERFUND RECEIVABLES AND PAYABLES..... | 24 |
| NOTE 12 – RETIREMENT SYSTEM..... | 24 |
| NOTE 13 – COMMITMENTS AND CONTINGENCIES | 25 |
| NOTE 14 – ECONOMIC DEPENDENCE | 26 |
| NOTE 15 – HOUSING ASSISTANCE PAYMENTS | 26 |
| NOTE 16 – SUBSEQUENT EVENTS | 26 |

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the State of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Hammond, serve staggered multi-year terms.

The Housing Authority has the following units:

| <u>Program</u> | <u>Units/Vouchers</u> |
|----------------------------------|-----------------------|
| Jackson Square Rural Development | 20 |
| Housing Choice Vouchers | 321 |
| VASH | 8 |

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

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

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

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

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The Jackson Square Rural Development fund accounts for the transactions of Jackson Square Rural Development, which is funded by dwelling rent and USDA grant subsidy. The Housing Choice Voucher fund accounts for the Section Eight Housing Choice Voucher program. Unrestricted cash and unrestricted net position includes \$362,603 of funds remaining from disaster programs.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

On the Statement of Cash Flows, cash and cash equivalents, end of year, is \$615,600. This is comprised of cash and cash equivalents of \$535,686 and restricted assets – cash of \$79,914, on the statement of net position.

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

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

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

Definitions:

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

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the statement of net position. Short-term interfund loans are classified as interfund receivables/payables.

G. INVENTORY AND PREPAID ITEMS All purchased inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year end, the amount of inventory is recorded for external financial reporting. Inventories consist of expendable building materials and supplies held for consumption in the course of the Authority's operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance and prepaid rent.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

H. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$2,500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

| | |
|---------------------------------|-------------|
| Buildings | 40 years |
| Modernizations and improvements | 25-40 years |
| Furniture and equipment | 7 years |
| Computers | 5 years |

I. ALLOWANCE FOR DOUBTFUL ACCOUNTS The Housing Authority provides an allowance for doubtful accounts deemed not collectable. At December 31, 2017, management expects to receive all accounts receivable balances in full with the exception of receivables related to fraud recovery. An allowance for doubtful accounts has been recorded for \$34,222 related to fraud recovery.

J. COMPENSATED ABSENCES It is the Housing Authority's policy to permit employees to accumulate earned but unused vacation pay benefits. In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," vacation pay is accrued when incurred and reported as a liability.

Employees can earn from 40 to 160 hours per year in vacation time. Employees may accumulate an unlimited number of vacation time hours. Depending upon their length of service, classified employees receive payment for up to 300 vacation time hours upon termination or retirement at their then current rate of pay. However, unclassified employees are not capped regarding the amount of hours received for vacation time upon termination or retirement. The cost of current leave privileges, computed in accordance with GASB Codification, is recognized as a current year expense when leave is earned.

K. UNEARNED REVENUES The Housing Authority reports unearned revenues on its combined statement of net position. Unearned 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 incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for unearned revenue is removed from the combined statement of net position and the revenue is recognized.

L. RESTRICTED NET POSITION Net position is reported as restricted when constraints are placed on net position use as either:

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

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

M. INTERFUND ACTIVITY Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market, or near market rates, are treated as revenues and expenses. All other interfund transfers are reported as transfers. Reimbursements are when one fund incurs a cost, changes the benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers.

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

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at December 31, 2017. Deposits are stated at cost, which approximates fair value.

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

Credit Rate Risk: GASB 40 disclosure of credit rate risk does not apply, since the Authority's only investments are certificates of deposit.

Custodial Credit Risk: The Authority's policy requires the financial institution to cover the first \$250,000 of deposits with FDIC coverage. Any excess deposits must be collateralized with securities held by the pledging financial institution, with a fair market value that equals or exceeds the amount of excess deposits.

Restricted Cash: \$6,950 is restricted in the Rural Development Fund for security deposits. \$62,497 is also restricted in the Rural Development Fund for an amount equal to the reserve balance. \$10,467 is restricted in the Housing Choice Voucher fund for HAP Equity and unearned income, respectively.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

At December 31, 2017, the Housing Authority's carrying amount of deposits was \$615,600 and the bank balance was \$661,163. \$343,308 of the bank balance was covered by FDIC Insurance. The remaining bank balance of \$317,855 was covered by pledged securities. However, this \$317,855 was exposed to custodial credit risk, as defined by GASBS No. 40, para. 8, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Investments during the year were solely in time deposits at banks.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at December 31, 2017, are as follows:

| | General | Rural Development | Total |
|-----------------------------|-----------|----------------------|-----------|
| <u>Class of Receivables</u> | | | |
| Local sources: | | | |
| Other | 254 | 0 | 254 |
| Fraud Recovery | 28,940 | 0 | 28,940 |
| Federal sources: | | | |
| Grants | 15,282 | 0 | 15,282 |
| Total | \$ 44,476 | \$ 0 | \$ 44,476 |

The tenants account receivable is net of an allowance for doubtful accounts of \$34,222.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 4 – CAPITAL ASSETS The changes in capital assets are as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--------------------------------|----------------------|-------------|-----------|-------------------|
| Non-depreciable assets | | | | |
| Land and buildings | \$ 35,560 | \$ 0 | \$ 0 | \$ 35,560 |
| Depreciable assets: | | | | |
| Buildings | 747,561 | 0 | 0 | 747,561 |
| Furniture and equipment | 26,338 | 7,000 | 0 | 33,338 |
| Total capital assets | 809,459 | 7,000 | 0 | 816,459 |
| Less: accumulated depreciation | | | | |
| Buildings | 585,273 | 19,830 | 0 | 605,103 |
| Furniture and equipment | 20,838 | 1,000 | 0 | 21,838 |
| Total accumulated depreciation | 606,111 | 20,830 | 0 | 626,941 |
| Total capital assets, net | \$ 203,348 | \$ (13,830) | \$ 0 | \$ 189,518 |

NOTE 5 – ACCOUNTS PAYABLE The payables at December 31, 2017 are as follows:

| | General | Rural Development | Total |
|--|-----------|----------------------|-----------|
| Vendors | \$ 1,267 | \$ 2,216 | \$ 3,483 |
| Housing assistance payments | 34,185 | | 34,185 |
| Payroll taxes & Retirement withheld | 3,434 | 0 | 3,434 |
| Total | \$ 38,886 | \$ 2,216 | \$ 41,102 |

See Note 15 for additional information regarding accounts payable for housing assistance payments.

NOTE 6 – COMPENSATED ABSENCES At December 31, 2017, employees of the Housing Authority have accumulated and vested \$36,933 of employee leave computed in accordance with GASB, Codification Section C60.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 7 – LONG-TERM OBLIGATIONS The long-term liability at December 31, 2017 represents a housing revenue note payable to the United States Department of Agriculture, Rural Development Administration under the Rural Rental Housing Loan Program (CFDA#10.415). The note is due in monthly installments of \$1,424 through January 2031, with an annual interest rate of 13.25%. The following is a summary of the changes in long-term obligations for the note payable for the year ended December 31, 2017:

| | | Note Payable |
|-------------------------|----|-----------------|
| Balance, beginning | \$ | 34,762 |
| Additions | | 7,685 |
| Deletions | | 5,514 |
| Balance, ending | | 36,933 |
| Amounts due in one year | \$ | 4,105 |

Because of the variable terms of the USDA program (CFDA#10.415), it is not possible to determine exactly what the long-term debt amortization is. The estimated annual requirements to amortize long-term debt outstanding at December 31, 2017 are as follows:

| Year ending December 31, | Principal | Interest | Total |
|--------------------------|------------|-----------|------------|
| 2018 | 15,063 | 2,025 | 17,088 |
| 2019 | 15,214 | 1,874 | 17,088 |
| 2020 | 15,367 | 1,721 | 17,088 |
| 2021 | 15,525 | 1,638 | 17,163 |
| 2022-2026 | 78,431 | 3,390 | 81,821 |
| 2027-2030 | 68,424 | 2,201 | 70,625 |
| 2031 | 1,265 | 1 | 1,266 |
| Total | \$ 209,289 | \$ 12,850 | \$ 222,139 |

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

The Housing Authority has also entered into an interest credit and rental assistance agreement with the USDA, Rural Development under which the Housing Authority earns a credit against the interest payable on the mortgage note. The Credit may result in an effective interest rate as low as one percent (1%). USDA, Rural Development may terminate the interest credit agreement if it is determined that no subsidy is necessary or if the Housing Authority is determined to be in noncompliance with the loan agreement or other applicable UDSDA, Rural Development rules or regulations. The note is due in monthly installment over a fifty (50) year period through January 2031, with a stated annual interest of 13.25%; however, the current annual interest being charged and paid is one percent (1%), the latter is how management has chosen to present the liability on the financial statements.

Also included in the long-term debt as of December 31, 2017, is \$32,828 which represents the long-term portion of compensated absences. The following is a summary of the changes in long-term obligations for compensated absences for the year ended December 31, 2017.

| | | Compensated Absences |
|-------------------------|----|-------------------------|
| Balance, beginning | \$ | 34,762 |
| Additions | | 7,685 |
| Deletions | | 5,514 |
| Balance, ending | | 36,933 |
| Amounts due in one year | \$ | 4,105 |

NOTE 8 – RESERVED FUND ACCOUNT During 1982, the Housing Authority received a \$659,140 loan from USDA, Rural Development (CFDA #10.415) for the construction of housing accommodations for disabled and low income individuals. The loan agreement requires the establishment of a reserve fund bank account. The Housing Authority must transfer into this fund an amount not less than \$6,600 annually. At December 31, 2017, the Housing Authority had a balance of \$62,497 in the reserve account.

The following is summary of the changes in the reserve fund balance for the year ended December 31, 2017:

| | | Reserve Fund Account |
|--------------------|----|-------------------------|
| Balance, beginning | \$ | 55,580 |
| Additions | | 6,917 |
| Balance, ending | | 62,497 |

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 9 – RENTAL SERVICE AGREEMENT The Housing Authority has entered into a contract with the USDA, Rural Development that provides rental assistance payments on behalf of eligible lower income persons or families. Under this contract, the Housing Authority agrees to rent only to eligible persons or families at USDA Rural Development approved rates and to adhere to certain rules of operation. USDA Rural Development may, at its option, terminate the contract if the Housing Authority is determined to be in noncompliance with the USDA Rural Development loan agreement or other applicable USDA Rural Development rules or regulations. USDA Rural Development may also reduce the number of units covered by the contract should it determine that there is a lack of eligible tenants in the area.

NOTE 10 – POST EMPLOYMENT BENEFITS The Housing Authority does not provide post employment health benefits; therefore, the Housing Authority does not include any entries for unfunded actuarial accrued liability, net OPEB expense, or annual contribution required.

NOTE 11 – INTERFUND RECEIVABLES AND PAYABLES At December 31, 2017, there was no interfund balance.

NOTE 12 – RETIREMENT SYSTEM The Housing Authority participates in the Louisiana Housing Council Group Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, which are members of the Louisiana Housing Council. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees who have attained age 18 are eligible to participate in the plan on the first day of the month after completing three months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer was required to make monthly contributions equal to 8 percent of each participant's basic (excludes overtime) compensation from January 2014 through June 2014; however, as of July 2014, the required employer contribution was reduced to 6 percent of each participant's basic compensation. Employees are required to contribute 6 percent of their annual covered salary.

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 first used to pay for plan expenses and if there is any residual amount, the amount is refunded to the Housing Authority.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday. Early retirement may be elected on the first day of any month within 10 years of the employee's normal retirement date, provided the employee has completed five years of service with the Housing Authority.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

With the Housing Authority's consent, employees may defer retirement to the first day of any month beyond normal retirement date.

The Housing Authority made the required contributions of \$12,780 for the year ended December 31, 2017, of which \$6,390 was paid by the Housing Authority and \$6,390 was paid by employees. No payments were made out of the forfeiture account.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Commitments The Authority entered into an Employment Agreement with the Executive Director, effective January 1, 2017. The Agreement is for three years, and the Board will vote on an additional three year term at least ninety days in advance of the end of the current three year term. The Executive Director may terminate the Agreement at any time, provided she gives at least sixty days written notice to the Board prior to her resignation.

The Agreement may be terminated by the Board at any time, provided thirty days written notice is given and due process is followed. If the Executive Director is terminated without cause, the Authority is obligated to pay a lump sum equal to the salary and benefits she would have received for the remainder of the three year term. If the Executive Director leaves for any reason, the Authority is obligated to pay all unused but earned annual leave, in accordance with the Employment Agreement.

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.

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

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

This includes coverage of general liability and public liability. 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.

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.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 14 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development and the U.S.D.A. provided \$1,799,525 to the Housing Authority, which represents approximately 87% of the Housing Authority's total revenue and capital contributions for the year.

NOTE 15 – HOUSING ASSISTANCE PAYMENTS During the auditor's testing of resident files for fiscal year ended December 31, 2013, it was noted that although the Housing authority updates the utility allowance schedule each year, the updated utility allowances are not always being applied during the tenants' annual re-examinations. The Housing Authority did record the estimated amount for the underpayment of housing assistance payments for the fiscal year ended December 31, 2017. This amount represents \$23,156 of the amount reported in Note 5. Due to this liability being the result of an error made by the Housing Authority, the Housing Authority reduced the unrestricted net position when accruing the liability rather than reducing the restricted net position. The Housing Authority is working with HUD in resolving this situation.

NOTE 16 - SUBSEQUENT EVENTS Management has evaluated events and transactions subsequent to the statement of net position date through, June 25, 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.



MIKE ESTES, CPA

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4040 FOSSIL CREEK BLVD. – SUITE 100
FORT WORTH, TEXAS 76137

Phone (817) 831-3553
Fax (817) 831-3558
e-mail: office@mikeestepc.com
website: mikeestepc.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

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

Independent Auditor's Report

Housing Authority of Hammond
Hammond, Louisiana

We have audited, 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, the financial statements of each major fund of the Housing Authority of the City of Hammond, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Hammond, Louisiana's basic financial statements, and have issued our report thereon dated June 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Hammond, Louisiana'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 City of Hammond, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Hammond, Louisiana'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Hammond, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
June 25, 2018



MIKE ESTES, CPA

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4040 FOSSIL CREEK BLVD. – SUITE 100
FORT WORTH, TEXAS 76137

Phone (817) 831-3553
Fax (817) 831-3558
e-mail: office@mikeestepc.com
website: mikeestepc.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Housing Authority of Hammond
Hammond, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Hammond, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Hammond, Louisiana's major federal programs for the year ended December 31, 2017. The Housing Authority of the City of Hammond, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Hammond, Louisiana complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Housing Authority of the City of Hammond, Louisiana as of and for the year ended December 31, 2017, and have issued our report thereon dated June 25, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
June 25, 2018

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

| FEDERAL GRANTOR PROGRAM TITLE | CDFA NO. | PROGRAM EXPENDITURES |
|---|-------------|-------------------------|
| | | |
| U. S. Department of Housing and Urban Development Direct Programs: | | |
| Housing Choice Voucher | 14.871 | 1,799,525 |
| | | |
| Total United States Department of Housing and Urban Development | | \$ 1,799,525 |
| Total Expenditures of Federal Awards | | \$ 1,799,525 |
| | | |
| U. S. Department of Agriculture Direct Programs: | | |
| Rural Rental Housing Administration | 10.415 | 1> 302,097 |
| | | |
| Total Expenditures of Federal Awards | | \$ 2,101,622 |
| | | |

The calculation of the Schedule of Expenditures of Federal Awards as noted below are in accordance with the Uniform Guidance requirements.

1> Includes the beginning of year, December 1, 2017 indebtedness to the Farmers Home Administration of \$224,207, plus current year subsidy of \$77,890.

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

NOTE 1 – BASIS OF PRESENTATION The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Housing Authority of the City of Hammond, Louisiana (the “Housing Authority”) under programs of the federal government for the year ended December 31, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

| | Federal Sources |
|-------------------------------|-----------------|
| Enterprise Funds | |
| Governmental operating grants | \$ 1,877,415 |
| Total | \$ 1,877,415 |

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

NOTE 5 – RURAL RENTAL HOUSING Not included in the Schedule of Expenditures of Federal Awards is \$224,207 in an outstanding long-term housing revenue note payable at December 31, 2017. The note is payable to the Rural Development Administration under CFDA #10.415. Of the \$77,890 reported under the CFDA #10.415, \$60,802 consists of rental assistance and \$17,088 consists of a loan subsidy.

NOTE 6 – 10% DE MINIMIS Application of the 10% de minimis indirect cost rate is not applicable to public housing authorities.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

Section I – Summary of the Auditor’s Results

Financial Statement Audit

1. Type of Auditor’s Report Issued on Financial Statements – Unmodified.
2. Internal Control Over Financial Reporting:
 - a. Material weakness(es) identified? _____ yes ✓ no
 - b. Significant deficiency(ies) identified? _____ yes ✓ none reported
3. Noncompliance material to financial statements noted? _____ yes ✓ no

Audit of Federal Awards

1. Internal Control Over Major Programs:
 - a. Material weakness(es) identified? _____ yes ✓ no
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes ✓ none reported
2. Type of Auditor’s Report Issued on Compliance For Major Programs – Unmodified.
3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes ✓ no
4. The programs tested as major programs include:

CFDA# 14.871 Section 8 Housing Choice Voucher
5. Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000
6. Auditee qualified as low-risk auditee? ✓ yes _____ no
7. Nonstatistical sampling was used. To determine sample sizes, the AICPA Audit Guide *Audit Sampling* was used.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

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

None

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

Section III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

None

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED DECEMBER 31, 2017

There were no audit findings.

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2017

The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:

Section Eight Housing Choice Voucher Program, CDFA #14.871

Finding 2016-001-Incorrect Payment Standards Used-Special Tests

Criteria and Condition

As part of the calculation of the amounts of Housing Assistance Payments (HAPs) and the tenant's contract rent, the Authority must use payment standards that fall within range of Fair Market Rates (FMRs) for the Authority's geographical area. The guidelines are outlined at CFR 982.503 and the Housing Choice Voucher Program Handbook. They must be reviewed annually, in conjunction with HUD's updated FMRs. It appears the Authority did not always comply with this requirement.

Recommendation

Management should be cognizant of this regulation in the future. In addition, Management might consider consulting with HUD-New Orleans about any additional steps to be taken, regarding the HAP and tenant rent errors noted.

Current Status

The situation extended into the first part of 2017, until Management became aware of the issue. It appears the refunds have been made to all affected tenants, for the errors that arose for the 2017 year.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
 OR CHIEF EXECUTIVE DIRECTOR

YEAR ENDED DECEMBER 31, 2017

Agency Head Name: Delores Tillman, Executive Director

| Purpose | Amount |
|--|------------------|
| Salary | \$ 66,272 |
| Benefits-insurance | |
| Benefits-retirement | 3,618 |
| Benefits | 346 |
| Car allowance | |
| Vehicle provided by government | |
| Per diem | 1,250 |
| Reimbursements | |
| Travel | 291 |
| Registration fees | 1,169 |
| Conference travel | 2,400 |
| Continuing professional education fees | |
| Housing | |
| Unvouchered expenses* | |
| Special meals | |
| Total | \$ 75,346 |

See accountant's report



MIKE ESTES, CPA

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4040 FOSSIL CREEK BLVD. – SUITE 100
FORT WORTH, TEXAS 76137

Phone (817) 831-3553
Fax (817) 831-3558
e-mail: office@mikeestepc.com
website: mikeestepc.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

AGREED UPON PROCEDURES REPORT

Independent Accountant's Report On Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the Hammond Housing Authority 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 fiscal period January 1, 2017 through December 31, 2017. The Hammond Housing Authority'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.

Results of Testing:

- a) The Authority has all of the above policies. They are adequate as they are. However, we have directed Management to the policies listed above under the Best Practices on the LLA's website. In addition, we have provided copies we have drafted, to fully address issues raised in this report.

We recommend Management review their policies to make sure the issues addressed by Best Practices and our policy drafts are also addressed in the PHA policies.

- b) Budgeting-We note that since the expenditures per the audit year exceeded \$500,000, a notice should have been posted and also published in a local publication at least ten days before a public hearing to adopt the annual operating budget. This is according to Louisiana Revised Statute 39:1307.

We recommend that for future years, the notice of the upcoming public hearing to revise and adopt the annual operating budget be both timely posted and published.

Corrective Action Response:

I am Delores Tillman, Executive Director and Designated Person to respond to these AUP suggestions. We will do as the auditor suggests.

Board

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.

Results of Testing:

- a) Management has not located the Authority's By-Laws. We recommend that Management continue to search for the By-Laws. The Board met on a monthly basis.
- b) The minutes did not note that budget-to-actual comparisons were made, although the minutes indicate that the Board reviewed financial statements.

The minutes should indicate that budget-to-actual comparisons were made at each meeting.

Corrective Action Response:

We will do as the auditor suggests.

Bank Reconciliations

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

Results of Testing:

We received Management's representations 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.

Results of Testing:

- a) Bank reconciliations were approved on a monthly basis.
- 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.
- c) The Section Eight Housing Choice Voucher Fund year-end bank reconciliation included 36 checks, totaling \$1,875, that were older than 6 months listed as outstanding. The Rural Development Fund listed one check that was older than 6 months as outstanding for \$200. Likely Management reviewed these checks and determined that they should still be listed as outstanding, and should not be voided. However, nothing on the bank reconciliations indicated the checks were reviewed.

In the future, at least the year-end bank recs should include documentation that at least the checks older than 6 months have been reviewed.

Corrective Action Response:

We will comply with the auditor's suggestion.

Collections

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

Results of Testing:

We obtained Management's representations that the list 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.

Results of Testing:

- a) The employees that accept tenant deposits are bonded. The persons that accept payments do not make the bank deposits or reconcile the bank account.
- b) Written documentation exists that there is a person to reconcile cash collections to the general ledger and rental register by a person who is not responsible for cash collections.
- c) For our test period, all tenant receipts were deposited within one business day of collection. For our test period, the rental receipts, rental register, bank statement, and general ledger were satisfactorily reconciled.

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.

Results of Testing:

Management has a procedure that defines how to determine the completeness of collections, including electronic transfers by a person not responsible for collections.

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.

Results of Testing:

We obtained Management's representations that the list 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.

Results of Testing:

- a) The Authority does not use purchase orders. The principal activity is the Housing Choice Voucher Program, which does not require a Maintenance Department. The Rural Development Program only has 20 units.
- b) Purchases were approved by a person who did not initiate the purchase.
- c) Payments were not processed without a person reviewing the invoice and agreeing the invoiced items to the goods purchased.

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.

Results of Testing:

Language requiring the Executive Director's approval is not presently included in the PHA's policies. The draft we have provided on the combined Purchasing, Disbursements, and Contracting Policy does include this language. However, we note that Maintenance and Procurement is insignificant for this PHA. Landlords must provide documentation before they are added to the program.

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.

Results of Testing:

The persons with signatory authority or who make the final authorization for disbursements have 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.

Results of Testing:

The supply of unused checks is maintained in a locked location, with access restricted to those persons who do not have signatory authority.

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.

Results of Testing:

A signature machine was not used. A signature stamp is used. It is kept by the authorized signers. Section Eight HAP checks are taken to the co-signers for their use of the stamp.

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.

Results of Testing:

Management represented that 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.

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.

Results of Testing:

- a) The monthly statements tested had supporting documentation that the charges were reviewed and approved in writing by someone else other than the authorized card holder.
- b) No finance charges and/or late fees were assessed on the statements listed.

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.

Results of Testing:

- a) The monthly statements contained itemized receipts for all goods and services tested.
- b) For each transaction tested, there was an original itemized receipt, and the business purpose documented.
- c) For each transaction tested, the transaction was in compliance with 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.

Results of Testing:

Management represented that the list 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.

Results of Testing:

The Policy states that per diem is \$75 per day in state and \$100 per day out of state.

The Authority should consider revising the per diem rate to that listed at www.gsa.gov, as per date and location. The Authority properly reimburses for mileage the IRS rate in effect at the time.

Corrective Action Response:

We will do as the auditor suggests.

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

Results of Testing:

- a) Travel expenses were in compliance with written policies.
- b) Travel expenses were well documented.
- c) The expense documentation was reviewed by someone other than the person receiving reimbursement.

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.

Results of Testing:

Management represented 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).

Results of Testing:

- a) Written contracts supported the amounts paid.
- b) The principal activity is the Housing Choice Voucher Program, which does not require a Maintenance Department. The Rural Development has only 20 units. The largest expenditure was \$7,000 to one vendor for the purchase and installation of two air conditioning units.

Management represents that bids were not taken because the individual units costs \$3,500 apiece, less than the \$5,000, the amount set by the PHA's policy for taking bids.

There are two issues with this. First, when the PHA can anticipate that in one year the total purchases of a given items will exceed the bid amount, bids should be taken. Since both air conditioners were purchased at the same time and exceeded \$5,000, bids should have been taken.

Secondly, HUD's Micro-Purchase level is currently \$3,000. As noted in AUP #1, the PHA should revise their bid level from \$5,000 to \$3,000, to be in compliance with HUD regulations.

The limited maintenance supplies and office supplies were principally purchased from two national companies, with local offices. The individual purchases were immaterial amounts. When and if significant amounts are purchased, prices should be compared. Prices per the internet should be periodically pulled off and kept to document the reasonableness.

Corrective Action Response:

We will comply with the auditor's suggestion.

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.

Results of Testing:

- a) Payments were made in accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Changes were made to the pay rates/salaries during the fiscal period for the tested employees were approved in writing and in accordance with policy.

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.

Results of Testing:

- a) All selected employees documented their daily attendance and leave.
- b) There was written documentation that supervisors approved in writing the attendance and leave of the selected employees.
- c) There was written documentation that written leave records were maintained for the selected 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.

Results of Testing:

No employees were terminated during the year

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.

Results of Testing

We noted no exceptions in the above tests.

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.

Results of Testing

All employees obtained the required Ethics training during 2017.

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.

Results of Testing:

Management represents that no alleged ethics violations were reported 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.

Results of Testing:

Not applicable.

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.

Results of Testing:

The Authority made the scheduled debt service payments for the Rural Development program. In addition, sufficient debt reserves are being maintained.

30. If the entity had tax mileages 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.

Results of Testing:

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.

Results of Testing:

Management represents that they are not aware of any misappropriation of public funds or assets.

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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of Testing:

Management has the notice posted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results of Testing:

No exceptions to Management's representations were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
June 26, 2018

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2017

| Entity Wide Balance Sheet Summary | | | | | |
|---|---|---------------------|-----------------------------------|--|------------|
| | 10.415 Rural Rental Housing Loans | 14.IKE DHAP- IKE | 14.871 Housing Choice Vouchers | 97.109 Disaster Housing Assistance Grant | Total |
| 111 Cash - Unrestricted | \$22,360 | \$123,775 | \$150,723 | \$238,828 | \$535,686 |
| 112 Cash - Restricted - Modernization and Development | | | | | |
| 113 Cash - Other Restricted | \$62,497 | | \$10,467 | | \$72,964 |
| 114 Cash - Tenant Security Deposits | \$6,950 | | | | \$6,950 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | |
| 100 Total Cash | \$91,807 | \$123,775 | \$161,190 | \$238,828 | \$615,600 |
| 121 Accounts Receivable - PHA Projects | | | \$2,806 | | \$2,806 |
| 122 Accounts Receivable - HUD Other Projects | | | \$12,476 | | \$12,476 |
| 124 Accounts Receivable - Other Government | | | | | |
| 125 Accounts Receivable - Miscellaneous | | | \$254 | | \$254 |
| 126 Accounts Receivable - Tenants | | | | | |
| 126.1 Allowance for Doubtful Accounts - Tenants | | | | | |
| 126.2 Allowance for Doubtful Accounts - Other | | | \$0 | | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | |
| 128 Fraud Recovery | | | \$63,162 | | \$63,162 |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | -\$34,222 | | -\$34,222 |
| 129 Accrued Interest Receivable | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$0 | \$0 | \$44,476 | \$0 | \$44,476 |
| 131 Investments - Unrestricted | | | | | |
| 132 Investments - Restricted | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | |
| 142 Prepaid Expenses and Other Assets | \$12,271 | | \$4,330 | | \$16,601 |
| 143 Inventories | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | |
| 144 Inter Program Due From | | | | | |
| 145 Assets Held for Sale | | | | | |
| 150 Total Current Assets | \$104,078 | \$123,775 | \$209,996 | \$238,828 | \$676,677 |
| 161 Land | \$35,560 | | | | \$35,560 |
| 162 Buildings | \$651,457 | | | | \$651,457 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$30,493 | | | | \$30,493 |
| 164 Furniture, Equipment & Machinery - Administration | \$2,845 | | | | \$2,845 |
| 165 Leasehold Improvements | \$96,104 | | | | \$96,104 |
| 166 Accumulated Depreciation | -\$626,941 | | | | -\$626,941 |
| 167 Construction in Progress | | | | | |
| 168 Infrastructure | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$189,518 | \$0 | \$0 | \$0 | \$189,518 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | |
| 173 Grants Receivable - Non Current | | | | | |
| 174 Other Assets | | | | | |
| 176 Investments in Joint Ventures | | | | | |
| 180 Total Non-Current Assets | \$189,518 | \$0 | \$0 | \$0 | \$189,518 |
| 200 Deferred Outflow of Resources | | | | | |
| 290 Total Assets and Deferred Outflow of Resources | \$293,596 | \$123,775 | \$209,996 | \$238,828 | \$866,195 |

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2017

| Entity Wide Balance Sheet Summary | | | | | |
|---|---|---------------------|-----------------------------------|--|-----------|
| | 10.415 Rural Rental Housing Loans | 14.IKE DHAP- IKE | 14.871 Housing Choice Vouchers | 97.109 Disaster Housing Assistance Grant | Total |
| 311 Bank Overdraft | | | | | |
| 312 Accounts Payable <= 90 Days | \$2,216 | | \$12,296 | | \$14,512 |
| 313 Accounts Payable >90 Days Past Due | | | \$23,156 | | \$23,156 |
| 321 Accrued Wage/Payroll Taxes Payable | | | \$3,434 | | \$3,434 |
| 322 Accrued Compensated Absences - Current Portion | | | \$4,105 | | \$4,105 |
| 324 Accrued Contingency Liability | | | | | |
| 325 Accrued Interest Payable | \$57 | | | | \$57 |
| 331 Accounts Payable - HUD PHA Programs | | | | | |
| 332 Account Payable - PHA Projects | | | | | |
| 333 Accounts Payable - Other Government | | | | | |
| 341 Tenant Security Deposits | \$6,950 | | | | \$6,950 |
| 342 Unearned Revenue | | | | | |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | \$15,063 | | | | \$15,063 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | |
| 345 Other Current Liabilities | | | | | |
| 346 Accrued Liabilities - Other | | | | | |
| 347 Inter Program - Due To | | | | | |
| 348 Loan Liability - Current | | | | | |
| 310 Total Current Liabilities | \$24,286 | \$0 | \$42,991 | \$0 | \$67,277 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | \$194,226 | | | | \$194,226 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | |
| 353 Non-current Liabilities - Other | | | | | |
| 354 Accrued Compensated Absences - Non Current | | | \$32,828 | | \$32,828 |
| 355 Loan Liability - Non Current | | | | | |
| 356 FASB 5 Liabilities | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | |
| 350 Total Non-Current Liabilities | \$194,226 | \$0 | \$32,828 | \$0 | \$227,054 |
| 300 Total Liabilities | \$218,512 | \$0 | \$75,819 | \$0 | \$294,331 |
| 400 Deferred Inflow of Resources | | | | | |
| 508.4 Net Investment in Capital Assets | -\$19,771 | | \$0 | | -\$19,771 |
| 511.4 Restricted Net Position | | | \$10,467 | | \$10,467 |
| 512.4 Unrestricted Net Position | \$94,855 | \$123,775 | \$123,710 | \$238,828 | \$581,168 |
| 513 Total Equity - Net Assets / Position | \$75,084 | \$123,775 | \$134,177 | \$238,828 | \$571,864 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$293,596 | \$123,775 | \$209,996 | \$238,828 | \$866,195 |

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2017

| Entity Wide Revenue and Expense Summary | | | | | |
|---|---|---------------------|-----------------------------------|--|-------------|
| | 10.415 Rural Rental Housing Loans | 14.IKE DHAP- IKE | 14.871 Housing Choice Vouchers | 97.109 Disaster Housing Assistance Grant | Total |
| 70300 Net Tenant Rental Revenue | \$31,684 | | | | \$31,684 |
| 70400 Tenant Revenue - Other | | | | | |
| 70500 Total Tenant Revenue | \$31,684 | \$0 | \$0 | \$0 | \$31,684 |
| 70600 HUD PHA Operating Grants | | | \$1,799,525 | | \$1,799,525 |
| 70610 Capital Grants | | | | | |
| 70710 Management Fee | | | | | |
| 70720 Asset Management Fee | | | | | |
| 70730 Book Keeping Fee | | | | | |
| 70740 Front Line Service Fee | | | | | |
| 70750 Other Fees | | | | | |
| 70700 Total Fee Revenue | | | | | |
| 70800 Other Government Grants | \$77,890 | | | | \$77,890 |
| 71100 Investment Income - Unrestricted | \$46 | \$504 | \$497 | \$876 | \$1,923 |
| 71200 Mortgage Interest Income | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | |
| 71310 Cost of Sale of Assets | | | | | |
| 71400 Fraud Recovery | | | \$55,506 | | \$55,506 |
| 71500 Other Revenue | \$2,244 | | \$117,809 | | \$120,053 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | |
| 72000 Investment Income - Restricted | | | | | |
| 70000 Total Revenue | \$111,864 | \$504 | \$1,973,337 | \$876 | \$2,086,581 |
| 91100 Administrative Salaries | \$13,200 | | \$87,997 | | \$101,197 |
| 91200 Auditing Fees | \$500 | | \$14,030 | | \$14,530 |
| 91300 Management Fee | | | | | |
| 91310 Book-keeping Fee | | | | | |
| 91400 Advertising and Marketing | \$550 | | \$27 | | \$577 |
| 91500 Employee Benefit contributions - Administrative | \$1,010 | | \$13,911 | | \$14,921 |
| 91600 Office Expenses | \$5,071 | | \$39,811 | | \$44,882 |
| 91700 Legal Expense | | | | | |
| 91800 Travel | | | \$4,853 | | \$4,853 |
| 91810 Allocated Overhead | | | | | |
| 91900 Other | \$1,734 | | \$28,698 | | \$30,432 |
| 91000 Total Operating- Administrative | \$22,065 | \$0 | \$189,327 | \$0 | \$211,392 |
| 92000 Asset Management Fee | | | | | |
| 92100 Tenant Services - Salaries | | | | | |
| 92200 Relocation Costs | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | |
| 92400 Tenant Services - Other | | | | | |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 | \$0 | \$0 |
| 93100 Water | \$227 | | | | \$227 |
| 93200 Electricity | \$5,011 | | | | \$5,011 |
| 93300 Gas | | | | | |
| 93400 Fuel | | | | | |
| 93500 Labor | | | | | |
| 93600 Sewer | \$147 | | | | \$147 |

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2017

| Entity Wide Revenue and Expense Summary | | | | | |
|---|---|---------------------|-----------------------------------|--|-------------|
| | 10.415 Rural Rental Housing Loans | 14.IKE DHAP- IKE | 14.871 Housing Choice Vouchers | 97.109 Disaster Housing Assistance Grant | Total |
| 93700 Employee Benefit Contributions - Utilities | | | | | |
| 93800 Other Utilities Expense | | | | | |
| 93000 Total Utilities | \$5,385 | \$0 | \$0 | \$0 | \$5,385 |
| 94100 Ordinary Maintenance and Operations - Labor | | | | | |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$5,696 | | | | \$5,696 |
| 94300 Ordinary Maintenance and Operations Contracts | \$28,457 | | | | \$28,457 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | | | | |
| 94000 Total Maintenance | \$34,153 | \$0 | \$0 | \$0 | \$34,153 |
| 95100 Protective Services - Labor | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | |
| 95300 Protective Services - Other | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | \$14,440 | | \$178 | | \$14,618 |
| 96120 Liability Insurance | | | | | |
| 96130 Workmen's Compensation | \$2,484 | | \$2,963 | | \$5,447 |
| 96140 All Other Insurance | \$1,990 | | \$3,236 | | \$5,226 |
| 96100 Total insurance Premiums | \$18,914 | \$0 | \$6,377 | \$0 | \$25,291 |
| 96200 Other General Expenses | | | \$2,678 | | \$2,678 |
| 96210 Compensated Absences | | | \$7,686 | | \$7,686 |
| 96300 Payments in Lieu of Taxes | | | | | |
| 96400 Bad debt - Tenant Rents | | | | | |
| 96500 Bad debt - Mortgages | | | | | |
| 96600 Bad debt - Other | | | \$19,615 | | \$19,615 |
| 96800 Severance Expense | | | | | |
| 96000 Total Other General Expenses | \$0 | \$0 | \$29,979 | \$0 | \$29,979 |
| 96710 Interest of Mortgage (or Bonds) Payable | \$2,172 | | | | \$2,172 |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$2,172 | \$0 | \$0 | \$0 | \$2,172 |
| 96900 Total Operating Expenses | \$82,689 | \$0 | \$225,683 | \$0 | \$308,372 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$29,175 | \$504 | \$1,747,654 | \$876 | \$1,778,209 |
| 97100 Extraordinary Maintenance | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | |
| 97300 Housing Assistance Payments | | | \$1,613,795 | | \$1,613,795 |
| 97350 HAP Portability-In | | | \$107,053 | | \$107,053 |
| 97400 Depreciation Expense | \$20,829 | | | | \$20,829 |
| 97500 Fraud Losses | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | |
| 90000 Total Expenses | \$103,518 | \$0 | \$1,946,531 | \$0 | \$2,050,049 |

HOUSING AUTHORITY OF HAMMOND, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2017

| Entity Wide Revenue and Expense Summary | | | | | |
|---|---|---------------------|-----------------------------------|--|-----------|
| | 10.415 Rural Rental Housing Loans | 14.IKE DHAP- IKE | 14.871 Housing Choice Vouchers | 97.109 Disaster Housing Assistance Grant | Total |
| 10010 Operating Transfer In | | | | | |
| 10020 Operating transfer Out | | | | | |
| 10030 Operating Transfers from/to Primary Government | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | |
| 10060 Proceeds from Property Sales | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | |
| 10093 Transfers between Program and Project - In | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$8,346 | \$504 | \$26,806 | \$876 | \$36,532 |
| | | | | | |
| 11020 Required Annual Debt Principal Payments | \$17,088 | \$0 | \$0 | \$0 | \$17,088 |
| 11030 Beginning Equity | \$66,738 | \$123,271 | \$107,371 | \$237,952 | \$535,332 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | | | | |
| 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 Rents | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | |
| 11170 Administrative Fee Equity | | | \$123,710 | | \$123,710 |
| | | | | | |
| 11180 Housing Assistance Payments Equity | | | \$10,467 | | \$10,467 |
| 11190 Unit Months Available | 240 | | 4137 | | 4377 |
| 11210 Number of Unit Months Leased | 232 | | 3867 | | 4099 |
| 11270 Excess Cash | | | | | |
| 11610 Land Purchases | | | | | |
| 11620 Building Purchases | | | | | |
| 11630 Furniture & Equipment - Dwelling Purchases | | | | | |
| 11640 Furniture & Equipment - Administrative Purchases | | | | | |
| 11650 Leasehold Improvements Purchases | | | | | |
| 11660 Infrastructure Purchases | | | | | |
| 13510 CFFP Debt Service Payments | | | | | |
| 13901 Replacement Housing Factor Funds | | | | | |