

**EAST CARROLL PARISH HOUSING AUTHORITY
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017**

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Independent Auditor's Report

Board of Commissioners
East Carroll Parish Housing Authority
Lake Providence, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the East Carroll Parish Housing Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the East Carroll Parish Housing Authority, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The East Carroll Parish Housing Authority has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

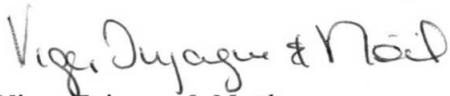
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Carroll Parish Housing Authority's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, as listed in the table of contents, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting 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 schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the 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 December 14, 2017, on our consideration of the East Carroll Parish Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Carroll Parish Housing Authority's internal control over financial reporting and compliance.



Vige, Tujague & Noël
Eunice, Louisiana
December 14, 2017

EAST CARROLL PARISH HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Enterprise Funds</u>	<u>Component Unit Rural Housing</u>
ASSETS				
Current assets				
Cash & cash equivalents	\$ 107,648	\$ -	\$ 107,648	\$ 40,274
Receivables(net)	-	-	-	-
Due from HUD	-	-	-	-
Inventory	11,486	-	11,486	-
Other assets	16,810	-	16,810	-
Total current assets	<u>135,944</u>	<u>-</u>	<u>135,944</u>	<u>40,274</u>
Noncurrent assets				
Non Depreciable Capital Assets				
Land	106,732	-	106,732	-
Depreciable Capital Assets				
Buildings	2,428,550	-	2,428,550	-
Leasehold improvements	290,499	-	290,499	-
Equipment & furniture	35,338	-	35,338	-
Accumulated depreciation	<u>(2,535,328)</u>	<u>-</u>	<u>(2,535,328)</u>	<u>-</u>
Total noncurrent assets	<u>325,791</u>	<u>-</u>	<u>325,791</u>	<u>-</u>
Total assets	<u>\$ 461,735</u>	<u>\$ -</u>	<u>\$ 461,735</u>	<u>\$ 40,274</u>

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

EAST CARROLL PARISH HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Enterprise Funds</u>	<u>Component Unit Rural Housing</u>
LIABILITIES				
Current liabilities				
Accounts, salaries & other payables	\$ 17,987	\$ -	\$ 17,987	\$ -
Due to other funds	-	-	-	-
Deposits due others	-	-	-	-
Compensated absences payable	<u>2,851</u>	<u>-</u>	<u>2,851</u>	<u>-</u>
Total current liabilities	<u>20,838</u>	<u>-</u>	<u>20,838</u>	<u>-</u>
Noncurrent liabilities				
Compensated absences payable	<u>7,839</u>	<u>-</u>	<u>7,839</u>	<u>-</u>
Total liabilities	<u>28,677</u>	<u>-</u>	<u>28,677</u>	<u>-</u>
Net position				
Investment in capital assets, net of related debt	325,791	-	325,791	-
Restricted	16,810	-	16,810	-
Unrestricted	<u>90,457</u>	<u>-</u>	<u>90,457</u>	<u>40,274</u>
Total net position	<u>\$ 433,058</u>	<u>\$ -</u>	<u>\$ 433,058</u>	<u>\$ 40,274</u>

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

EAST CARROLL PARISH HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUND

For the Year Ended June 30, 2017

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Enterprise Funds</u>	<u>Component Unit Rural Housing</u>
Operating revenues				
Tenant rental	\$ 66,239	\$ -	\$ 66,239	\$ -
HUD PHA grant	108,234	16,676	124,910	-
Other revenues	<u>19,003</u>	<u>-</u>	<u>19,003</u>	<u>-</u>
Total operating revenues	<u>193,476</u>	<u>16,676</u>	<u>210,152</u>	<u>-</u>
Operating expenses				
Administrative	94,466	4,994	99,460	-
Utilities	5,749	-	5,749	-
Maintenance	74,254	1,780	76,034	-
General	29,124	-	29,124	-
Depreciation	<u>49,122</u>	<u>-</u>	<u>49,122</u>	<u>-</u>
Total operating expenses	<u>252,715</u>	<u>6,774</u>	<u>259,489</u>	<u>-</u>
Operating income	<u>(59,239)</u>	<u>9,902</u>	<u>(49,337)</u>	<u>-</u>
Non-operating income (loss)				
Gain from asset disposal	-	-	-	-
Casualty loss	(5,800)	-	(5,800)	-
Interest income	<u>47</u>	<u>-</u>	<u>47</u>	<u>37</u>
Total non-operating income	<u>(5,753)</u>	<u>-</u>	<u>(5,753)</u>	<u>37</u>
Income before operating transfers	<u>(64,992)</u>	<u>9,902</u>	<u>(55,090)</u>	<u>37</u>
Operating transfers in (out)				
Transfer in	9,902	-	9,902	-
Transfer out	<u>-</u>	<u>(9,902)</u>	<u>(9,902)</u>	<u>-</u>
Total operating transfers	<u>9,902</u>	<u>(9,902)</u>	<u>-</u>	<u>-</u>
Change in net position	(55,090)	-	(55,090)	37
Net position beginning	<u>488,148</u>	<u>-</u>	<u>488,148</u>	<u>40,237</u>
Net position, ending	<u>\$ 433,058</u>	<u>\$ -</u>	<u>\$ 433,058</u>	<u>\$ 40,274</u>

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

EAST CARROLL PARISH HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Enterprise Funds</u>	<u>Component Unit Rural Housing</u>
Cash flows from operating activities:				
Receipts from customers	\$ 66,239	\$ -	\$ 66,239	\$ -
Payments to suppliers	(124,935)	(1,780)	(126,715)	-
Payments to employees	(78,506)	(4,994)	(83,500)	-
Other receipts	128,104	16,676	144,780	-
Net cash provided (used) by operating activities	<u>(9,098)</u>	<u>9,902</u>	<u>804</u>	<u>-</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	9,902	-	9,902	-
Cash paid to other funds	-	(9,902)	(9,902)	-
Net cash provided (used) by noncapital financing activities	<u>9,902</u>	<u>(9,902)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of property, plant and equipment	(5,000)	-	(5,000)	-
Casualty loss	(5,800)	-	(5,800)	-
Net cash provided (used) by capital and related financing activities	<u>(10,800)</u>	<u>-</u>	<u>(10,800)</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	47	-	47	37
Net cash provided by investing activities	<u>47</u>	<u>-</u>	<u>47</u>	<u>37</u>
Net increase (decrease) in cash and cash equivalents	(9,949)	-	(9,949)	37
Cash and cash equivalents, beginning of period	<u>117,597</u>	<u>-</u>	<u>117,597</u>	<u>40,237</u>
Cash and cash equivalents, end of period	<u>\$ 107,648</u>	<u>\$ -</u>	<u>\$ 107,648</u>	<u>\$ 40,274</u>

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

EAST CARROLL PARISH HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For the Year Ended June 30, 2017

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Enterprise Funds</u>	<u>Component Unit Rural Housing</u>
Reconciliation of operating income to net cash used by operating				
Operating income	\$ (59,239)	\$ 9,902	\$ (49,337)	\$ -
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	49,122	-	49,122	-
Changes in current assets & liabilities:				
(Increase) decrease in accounts receivable	867	-	867	-
(Increase) decrease in inventory	480	-	480	-
(Increase) decrease in other assets	(1,896)	-	(1,896)	-
Increase (decrease) in accounts payable	1,313	-	1,313	-
Increase (decrease) in accrued liabilities	255	-	255	-
Net cash provided (used) by operating activities	<u>(9,098)</u>	<u>9,902</u>	<u>804</u>	<u>-</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:				
Cash and cash equivalents, beginning of period -				
Cash – unrestricted	117,597	-	117,597	40,237
Cash – restricted	-	-	-	-
Interest-bearing deposits	-	-	-	-
Total cash and cash equivalents	<u>117,597</u>	<u>-</u>	<u>117,597</u>	<u>40,237</u>
Cash and cash equivalents, end of period –				
Cash – unrestricted	107,648	-	107,648	40,274
Cash – restricted	-	-	-	-
Interest-bearing deposits	-	-	-	-
Total cash and cash equivalents	<u>107,648</u>	<u>-</u>	<u>107,648</u>	<u>40,274</u>
Net increase (decrease)	<u>\$ (9,949)</u>	<u>\$ -</u>	<u>\$ (9,949)</u>	<u>\$ 37</u>

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

EAST CARROLL PARISH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

INTRODUCTION

The East Carroll Parish Housing Authority was created by Louisiana Revised Statute (LSA-R.S) 40:391 to engage in the acquisition, development, and administration of a low rent housing program to provide safe, sanitary, and affordable housing to the citizens of East Carroll Parish.

The authority is administered by a five-member board appointed by the Police Jury. Members of the board serve five-year terms.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the authority for the purpose of assisting the authority in financing the acquisition, construction, and leasing of housing units and to make annual contributions (subsidies) to the authority for the purpose of maintaining this low rent character. The Housing Authority is economically dependent upon HUD subsidies.

At June 30, 2017, the Housing Authority managed 40 public housing units.

In addition, the Housing Authority is currently administering modernization programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America 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. The authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Reporting Entity

GASB Codification Section 2100 defines criteria for determining which component units should be considered part of the East Carroll Parish Housing Authority for financial reporting purposes. The basic criterion 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. This criteria includes:

EAST CARROLL PARISH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Housing Authority 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 Housing Authority.
2. Organization for which the Housing Authority does not appoint a voting majority, but are fiscally dependent on the Housing Authority.
3. Organization for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America these financial statements present the East Carroll Parish Housing Authority and its component units. The component unit included in the accompanying financial statement is discretely presented.

Discretely Presented Component Units

Component units that are legally separate from the Housing Authority, but financially accountable to the Housing Authority, or whose relationship with the Housing Authority are such that exclusion would cause the Housing Authority financial statements to be misleading or incomplete are discretely presented. The Component Units column of the financial statements include the financial data of this discretely presented component unit. They are reported in a separate column to emphasize that they are legally separate from the Housing Authority. The following component unit is discretely presented in the accompanying financial statements:

The East Carroll Rural Housing, Inc. is a non-profit organization which started with six rental units. These units were funded through HUD's Section 8 Program. The Board of Directors of this organization is the same board that sits on the East Carroll Parish Housing Authority, thereby, enabling the Housing Authority the ability to impose its will on the organization. The financial statements for East Carroll Rural Housing, Inc. are as of and for the year ended December 31, 2016, and may be obtained from the housing authority. The organization sold all rental units by June 30, 2005.

Fund Accounting

The authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

EAST CARROLL PARISH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017

Funds of the authority are classified as proprietary fund type – enterprise funds. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance or equity, is an important financial indicator.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

Revenues and Expenses

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts and certificates of deposit purchased with original maturities of 90 days or less. Under state law, the 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.

Under state law, the authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

EAST CARROLL PARISH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017

Inventory

Inventory of the Housing Authority consists of supplies and is valued at cost. The cost is reported as an expenditure at the time individual inventory items are consumed rather than when purchased.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or 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.

Other Assets / Restricted Fund Balance

Payments made to insurance companies for coverage that will benefit the period beyond June 30, 2017 are recorded as other assets. The restriction to net position reflects these transactions.

Fixed Assets

Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value) using the straight-line method. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization limit is \$5,000. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10-20 Years
Leasehold improvements	10-20 Years
Furniture & Equipment	5 Years

No construction period interest costs have been incurred and capitalized for the fiscal year ended June 30, 2017.

Compensated Absences

The authority follows Civil Service guidelines pertaining to the accumulation of vacation and sick leave. This leave may be accumulated and carried over between fiscal years, with a maximum of 300 hours of payment of vacation pay upon termination or retirement.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expense when leave is earned. The unpaid portion of leave privileges is recorded as a current or non-current liability.

EAST CARROLL PARISH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017

Net Position

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Invested in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The Housing Authority’s policy is first to apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. All other interfund transfers are reported as operating transfers.

NOTE 2 - NET POSITION DEFICITS

There were no net position deficits at June 30, 2017.

EAST CARROLL PARISH HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2017, the reporting entity had cash and cash equivalents as follows:

Housing Authority	\$ 107,648
Rural Housing	40,274
Total Demand Deposits	\$ 147,922

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the Housing Authority has \$107,648 in deposits. These deposits are secured from risk by \$250,000 of federal deposit insurance.

NOTE 4 - RECEIVABLES

The receivables of \$0 at June 30, 2017, are as follows:

<u>Class of</u> <u>Receivable</u>	<u>General</u> <u>Fund</u>
Local sources:	
Tenants	-
Less: Allowance for bad debts	-
Total	\$ -

Allowance for doubtful accounts totals \$0. Security deposits should satisfy any unpaid other receivables.

EAST CARROLL PARISH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017

NOTE 5 - CAPITAL ASSETS

The changes in capital assets are as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Non Depreciable:				
Land	\$ 106,732	\$ -	\$ -	\$ 106,732
Depreciable:				
Buildings & Improvements	2,714,049	5,000	-	2,719,049
Equipment	35,338	-	-	35,338
Total	<u>2,856,119</u>	<u>5,000</u>	<u>-</u>	<u>2,861,119</u>
Accumulated Depreciation	<u>(2,486,206)</u>	<u>(49,122)</u>	<u>-</u>	<u>(2,535,328)</u>
Total Net	<u>\$ 369,913</u>	<u>\$ (44,122)</u>	<u>\$ -</u>	<u>\$ 325,791</u>

NOTE 6 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$17,987 June 30, 2017, are as follows:

<u>General Fund</u>	
Low Rent	<u>\$ 17,987</u>
Total	<u>\$ 17,987</u>

NOTE 7 - INTERFUND ASSETS/LIABILITIES

Interfund receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Low Rent	Capital Fund	<u>\$ -</u>
		<u>\$ -</u>

NOTE 8 - COMPENSATED ABSENCES

At June 30, 2017, employees of the authority have accumulated and vested \$10,690 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Balance	<u>\$ 10,435</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 10,690</u>

EAST CARROLL PARISH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017

NOTE 9 - LITIGATION AND CLAIMS

At June 30, 2017, the authority had no impending litigation.

NOTE 10 - FEDERAL FUNDS

The Housing Authority is currently administering Capital Funding Modernization Grant Programs.

1. This grant involved total approved funds in the amount of \$16,676. These funds may be used for capital expenditures. At June 30, 2017 the PHA expended \$0. There was also \$16,676 converted to operating funds in the Low Rent Fund.

NOTE 11 - CONCENTRATIONS OF RISK

The Housing Authority is economically dependent upon HUD subsidies/grants.

NOTE 12 - 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 13 – SUBSEQUENT EVENTS

The Housing Authority has evaluated subsequent events through December 14, 2017, the date which the financial statements were available to be issued.

VIGE, TUJAGUE  NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
East Carroll Parish Housing Authority
Lake Providence, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the East Carroll Parish Housing Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise East Carroll Parish Housing Authority's basic financial statements and have issued our report thereon dated December 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Carroll Parish Housing Authority'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 East Carroll Parish Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of East Carroll Parish Housing Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not

identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as 2017-001 and 2017-002, that we consider to be significant deficiencies.

Compliance and Other Matters

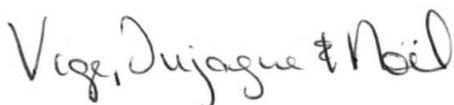
As part of obtaining reasonable assurance about whether East Carroll Parish Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2017-002.

East Carroll Parish Housing Authority's Response to Findings

East Carroll Parish Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. East Carroll Parish Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Vige, Tujague & Noël, CPA's
December 14, 2017

EAST CARROLL PARISH HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2017

We have audited the financial statements of East Carroll Parish Housing Authority as of and for the year ended June 30, 2017, and have issued our report thereon dated December 14, 2017. We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

None

Section II. Financial Statement Findings

#2017-001 Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU314.43 defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

EAST CARROLL PARISH HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
Year Ended June 30, 2017

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the housing authority is unable to implement a segregated system of internal control.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation

and Response: Management is aware of and has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the housing authority that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

#2017-002 EIV Reports and Documentation

Condition: Under the Rental Housing Improvement Project (RHIP) initiative, the Office of Housing is responsible for ensuring that the proper subsidy is provided to low income families through its rental assistance programs. The amount of rental assistance paid on behalf of the family is calculated using the family's annual income, less allowable deductions. Therefore, as of January 31, 2010 it is required that Owners and Management Agents (O/As) obtain EIV access and adequately verify annual income and benefit information in making rental housing subsidy determinations. The O/As must use the EIV system in its entirety. The required EIV Reports and Documentation are not being properly utilized in a Master File or within Tenant Files.

Criteria: The Entity is required to use and implement the EIV system in their day-to-day operations as of January 31, 2010. The Entity must maintain a Master File of the following reports: The Multiple Subsidy Summary Report, The Deceased Tenant Report, New Hires Summary Report, and Identity Verification Reports. The entity is required to run these reports on an established schedule. The reports must include notes regarding resolution of reported issues. The retention period for documents in the Master File is three years.

Tenants Files must contain: The Summary, Income, and Income Discrepancy Reports, as well as supporting documentation, if applicable. Additionally, the tenant file must also contain the New Hires Detail Report, the Multiple Subsidy Detail Report, Documentation of follow-up on the Identity Verification Reports and the Deceased Tenant Reports, and all documentation of action taken to resolve any issue presented in any of these reports. Finally, the tenant file must contain the Existing Tenant Search along with landlord verification, etc. The retention period for EIV documents in the tenant file is the term of tenancy plus three years.

Effect: The EIV System is being fully utilized to determine tenant eligibility for program benefits. Documentation, mainly the master file, was not provided to show that.

EAST CARROLL PARISH HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
Year Ended June 30, 2017

Cause: Procedures are in place for EIV System utilization but management did not keep copies of master file reports.

Recommendation

and Response: Training for personnel responsible for running the required EIV Reports and for maintaining the Master and Tenant Files should emphasize the importance of obtaining the reports in a timely manner, utilizing them to make appropriate decisions and retaining documentation of not only the reports, but also any additional action taken to resolve any matter that may arise from those reports. Management agrees with the finding and will ensure that proper documentation will be maintained.

EAST CARROLL PARISH HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2017

2016-001 SEGREGATION OF DUTIES

Condition: An inadequate segregation of duties exists in the internal control structure.

Recommendation: There was no recommendation since it is not economically feasible to establish an adequate segregation of duties.

Status: This finding still existed at June 30, 2017.

EAST CARROLL PARISH HOUSING AUTHORITY
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

For the Year Ended June 30, 2017

Agency Head: Barbara A McDaniel, Executive Director

Period: 12 Months

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 41,838
Benefits - insurance	9,699
Reimbursement	130

EAST CARROLL PARISH HOUSING AUTHORITY
 STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
 June 30, 2017

	<u>2014 PHASE</u> <u>LA 48P262501-14</u>	<u>2015 PHASE</u> <u>LA 48P262501-15</u>
FUNDS APPROVED	\$ 49,547	\$ 49,512
FUNDS EXPENDED	<u>49,547</u>	<u>30,242</u>
EXCESS OF FUNDS APPROVED	<u><u>-</u></u>	<u><u>19,270</u></u>
FUNDS ADVANCED	49,547	30,242
FUNDS EXPENDED	<u>49,547</u>	<u>30,242</u>
EXCESS OF FUNDS ADVANCED	<u><u>-</u></u>	<u><u>-</u></u>

- 1- The distribution of costs by project as shown on the Final Statement of Modernization Cost submitted to HUD for approval is in agreement with the PHA's records.
- 2- All modernization costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of the Parish of East Carroll

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RE: Management Response

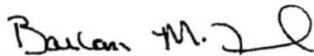
The following are our responses to your recommendations we received in the East Carroll Parish Housing Authority's Audited Financial Statement as of June 30, 2017.

2017-001 Segregation of Duties

We are aware of and have evaluated this inadequacy and concluded that the related costs versus benefits to be achieved do not justify the additional personnel it would require to establish an adequate segregation of duties. However, we will try to segregate duties as much as possible with the existing staff.

2017-002 EIV Reports and Documentation

Training for personnel responsible for running the required EIV Reports and for maintaining the Master and Tenant Files should emphasize the importance of obtaining the reports in a timely manner, utilizing them to make appropriate decisions and retaining documentation of not only the reports, but also any additional action taken to resolve any matter that may arise from those reports. Management agrees with the finding and will ensure that proper documentation will be maintained.



Barbara McDaniel, Executive Director

