

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED JUNE 30, 2022

Mike Estes, P.C.
A Professional Accounting Corporation

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ACCOUNTANTS
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AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of the Housing Authority of East Carroll Parish, Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of East Carroll Parish, Louisiana basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the Housing Authority of East Carroll Parish, Louisiana. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Accompanying Financial Statements section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion on the Accompanying Financial Statements

7 of the 12 monthly rental registers were missing. The 5 that we were able to review were incomplete and missing critical data. We were unable to satisfy ourselves by alternative testing as to the material accuracy of recorded tenant revenue. In addition, only a distinct minority of disbursements that we reviewed, as to both number and dollar amount, were sufficiently supported by underlying data. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary for the various amounts included in the statement of financial position and changes in financial position for the financial statements.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Housing Authority of East Carroll Parish, Louisiana's financial statements in accordance with generally accepted auditing standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion on the accompanying financial statements, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We are required to be independent of the Housing Authority of East Carroll Parish, Louisiana and to meet our ethical responsibilities, in accordance with the ethical requirements relating to our audit.

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of East Carroll Parish, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of East Carroll Parish, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Managements' Discussion and Analysis on pages 4 to 10 be presented to supplement the basic financial statements.

Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of East Carroll Parish, Louisiana's basic financial statements. The statement of modernization costs-uncompleted, financial data schedules, and the 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of modernization costs-uncompleted, financial data schedules, and the schedule of expenditures of federal awards 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 December 3, 2025 on our consideration of the Housing Authority of East Carroll Parish, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of East Carroll Parish, Louisiana's 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 East Carroll Parish, Louisiana's internal control over financial reporting and compliance.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
December 3, 2025

HOUSING AUTHORITY OF EAST CARROLL PARISH, LA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2022

The management of Public Housing Authority of Parish of East Carroll, Louisiana, presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending June 30, 2022. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A serves as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities; therefore, only fund financial statements are presented as the basic financial statements. These consist of two components: (1) the fund financial statements and (2) a series of notes to the financial statements. Together, they provide information about the activities of the Housing Authority as a whole and offer a longer-term perspective on its finances. This report also includes supplemental information beyond the basic financial statements, demonstrating how HUD-funded projects have been completed and addressing any inadequacies in the Authority's internal controls.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the U.S. Department of Housing and Urban Development (HUD), with tenant rental income serving as a secondary but still significant funding source.

- At the close of the fiscal year ended 2022, the Housing Authority's assets exceeded its liabilities by \$243,326.
 - ✓ Of this amount, \$240,580 is classified outside of unrestricted net position, representing the net investment in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, net of related debt.

 - ✓ The remaining balance of unrestricted net position, totaling \$2,746, may be used to meet the Housing Authority's ongoing obligations to citizens and creditors.

- The Housing Authority's total net position decreased by \$130,467, representing a 35% decline from the prior fiscal year 2021. This decrease is primarily attributable to significant decreases in Federal grants for both operations and capital improvements, as well as increases in overall operational expenses, which are described in more detail below.

- The decrease in net position was accompanied by a \$25,221 reduction in unrestricted cash from fiscal year 2021.

- These changes resulted in a decrease in total assets of \$78,319 and an increase in total liabilities of \$52,148.

- The Housing Authority continues to operate without incurring any debt.

Reporting on the Housing Authority as a Whole

One of the most important questions regarding the Authority's finances is: *Is the Housing Authority better off or worse off as a result of its activities during fiscal year 2022?* The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the Housing Authority as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting methods used by most private-sector companies. They reflect all revenues and expenses for the current year, regardless of when cash is received or paid.

Fund Financial Statements

All of the Housing Authority's funds are reported as proprietary funds. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Like other state and local government enterprises, the Housing Authority 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 net position. The net position—the difference between assets and liabilities—can be viewed as a key measure of the Authority's financial health. Over time, increases or decreases in net position provide an indicator of whether the Authority's financial condition is improving or deteriorating. However, to assess the overall health of the Housing Authority, it is also important to consider non-financial factors, such as changes in occupancy levels and legal obligations to HUD.

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:

Low Rent Public Housing	\$ 130,190
Public Housing Capital Fund Program	<u>20,549</u>
Total funding received this current fiscal year	<u>\$ 150,739</u>

The Housing Authority's auditors have provided assurance in their independent auditors' report, which accompanies this MD&A, that the basic financial statements are fairly presented. The auditors offer varying levels of assurance regarding the other information included in this report. Users should carefully review the independent auditors' report to understand the level of assurance provided for each component of the report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about its most significant funds. Some of these funds are required by the Department of Housing and Urban Development (HUD). Additionally, the Housing Authority establishes other funds to help control and manage resources for specific purposes or to demonstrate compliance with legal requirements related to the use of grants and other funds.

The Housing Authority reports all of its services using enterprise funds, which are a type of proprietary fund. Proprietary funds focus on measuring income and maintaining net position, both of which serve as important indicators of financial performance.

FINANCIAL ANALYSIS

As of June 30, 2022, the Housing Authority's net position was \$243,326. Of this amount, \$240,580 was invested in capital assets, while the remaining \$2,746 was unrestricted. \$15,712 of assets are specifically restricted to cover unexpended CARES Act funds. \$43,879 should be restricted for advanced but not spent Capital Funds. However, the cash has been spent for other purposes. \$2,540 should be restricted for security deposits. However, the Authority does not have the cash.

CONDENSED FINANCIAL STATEMENTS

Condensed Statement of Net Position

As of June 30, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets	\$ 99,138	\$ 128,122
Assets restricted	15,712	31,350
Capital assets, net of depreciation	<u>240,580</u>	<u>274,277</u>
Total assets	<u>355,430</u>	<u>433,749</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred payments to government assistance programs	<u>-</u>	<u>-</u>
LIABILITIES		
Current liabilities	111,292	53,120
Non-current liabilities	<u>812</u>	<u>6,836</u>
Total liabilities	<u>112,104</u>	<u>59,956</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues from government assistance programs	<u>-</u>	<u>-</u>
NET POSITION (DEFICIT)		
Invested in capital assets, net of depreciation	240,580	274,277
Restricted net position	-	-
Unrestricted net position	<u>2,746</u>	<u>99,516</u>
Total net position	<u>\$ 243,326</u>	<u>\$ 373,793</u>

CONDENSED FINANCIAL STATEMENTS (Continued)

The net position of these funds decreased by \$130,467, or 35%, compared to fiscal year 2021, as explained below. The following narrative discusses the detailed factors contributing to this change:

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position**Fiscal Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Tenant revenue	\$ 53,193	\$ 76,998
Government grants for operations	150,739	132,281
Other non-tenant revenue	90	2,028
	<hr/>	<hr/>
Total operating revenues	204,022	211,307
OPERATING EXPENSES		
Administrative expenses	91,412	99,408
Utilities	6,233	6,338
Ordinary maintenance and repairs	169,206	104,036
General	33,945	45,706
Depreciation	33,697	33,696
	<hr/>	<hr/>
Total operating expenses	334,493	289,184
Income (losses) from operations	<hr/> (130,471)	<hr/> (77,877)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	4	20
	<hr/>	<hr/>
Total non-operating revenues (expenses)	4	20
Income (losses) before capital contributions	(130,467)	(77,857)
CAPITAL CONTRIBUTIONS	<hr/> -	<hr/> 15,350
CHANGES IN NET POSITION	(130,467)	(62,507)
NET POSITION, BEGINNING OF FISCAL YEAR	373,793	436,300
NET POSITION, END OF FISCAL YEAR	<u><u>\$ 243,326</u></u>	<u><u>\$ 373,793</u></u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared to the prior fiscal year, total operating and non-operating revenues decreased by \$22,651, or 11%, due to a combination of offsetting factors. The primary reasons for this change are outlined below:

- Total tenant revenue decreased by \$23,805 or 31%, compared to the prior fiscal year. See Audit Finding 2022-004.
- Federal revenues from HUD for operations increased by \$18,458, or 14%, compared to the prior fiscal year. Operating grants are partially determined based on the Authority's performance in prior years, which causes fluctuations due to the complexities of HUD's funding formula. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and uses the result to determine the grant amount. Additionally, the rent subsidy received from HUD depends on the eligibility of each tenant. An increase in the number of eligible tenants led to a corresponding rise in Housing Assistance Grants.
- Federal Capital Funds from HUD decreased by \$15,350, or 100%, compared to the prior fiscal year. The Housing Authority was still completing projects funded by HUD grants from fiscal years 2017 through 2020 and submitted a new grant application during fiscal year 2022.
- Total other operating revenue decreased by \$1,938, or 100%, compared to the prior fiscal year. This decrease occurred because the Authority received dividends and other miscellaneous income in the prior year, which are recorded as other income when received.

Compared to the prior fiscal year, total operating and non-operating expenses increased by \$45,309, or 16%, due to a combination of offsetting factors. The primary reasons for this change are outlined below:

- Depreciation expense increased by \$1, or remained essentially unchanged from the prior fiscal year, due in part to existing capital assets approaching the end of their estimated useful lives.
- Maintenance and repairs expenses increased by \$65,170, or 63%, compared to the prior fiscal year due to several factors. Repair staff wages decreased by \$22,288, and related employee benefit contributions decreased by \$9,689. However, costs for materials used increased by \$22,342, and contract labor expenses rose by \$74,806.
- General expenses decreased by \$7,996, or 26%, compared to the prior fiscal year. Payments in lieu of taxes (PILOT) decreased by \$4,732, or 69%, as PILOT is calculated as a percentage of rent minus utilities, which changed proportionately. Insurance premiums decreased by \$3,264. Insurance was not in force. See Audit Finding 2022-007.
- Administrative expenses decreased by \$7,996, or 6%, compared to the prior fiscal year due to a combination of offsetting factors. Administrative staff salaries decreased by \$23,156, or 34%, and related employee benefit contributions decreased by \$16,108, resulting in a 47% total reduction in staff salaries and benefits. Audit fees increased by \$6,000, while legal fees decreased by \$20, causing total outside professional fees to increase significantly. Staff travel reimbursements rose by \$400, office expenses decreased by \$6,098, and sundry expenses increased by \$32,988, resulting in a 100% increase in other staff administrative expenses.
- Utilities expense decreased by \$105, or 2%, compared to the prior fiscal year due to several factors. Water costs increased by \$114, driven by a 34% rate increase. Electricity costs rose by \$502, reflecting an 8% rate increase. Gas costs decreased by \$586, due to a 13% rate reduction. Lastly, other utilities expenses—including labor, benefits, garbage, sewage, and waste removal—decreased by \$721, or 92%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the Housing Authority had a total investment of \$2,974,827 in a broad range of assets and construction in progress related to projects funded between 2017 and 2020. This amount, excluding depreciation, remained unchanged from the prior year. More detailed information about capital assets is provided in the notes to the financial statements.

Capital Assets, Net of Accumulated Depreciation

	As of June 30, 2022	
	<u>2022</u>	<u>2021</u>
Land	\$ 106,732	\$ 106,732
Construction in progress	69,149	69,149
Buildings	55,249	88,946
Leasehold improvements	9,450	9,450
	<hr/>	<hr/>
Total	<u>\$ 240,580</u>	<u>\$ 274,277</u>

As of the end of fiscal year 2022, the Authority is still in the process of completing HUD grants totaling \$312,215 obtained during the 2017 through 2020 fiscal years. A remaining \$157,134 is expected to be received, and \$177,038 is planned to be spent on completing these projects during fiscal year 2023.

Debt

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent on HUD for operational funding and is therefore more influenced by federal budget decisions than by local economic conditions. The capital budgets for fiscal year 2023 have already been submitted to HUD for approval, with no major changes anticipated.

The Capital Fund programs are multi-year budgets that have remained relatively stable. These funds are used for the modernization of public housing properties, including administrative fees associated with the modernization efforts.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact LaTisa Keys, at Public Housing Authority of the Parish of East Carroll; 1415 Mike Avenue; Lake Providence, LA 71254.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS

Current assets

Cash and cash equivalents	\$ 40,419
Accounts receivable net	49,770
Prepaid items and other assets	210
Inventory	8,739
Restricted assets - cash and cash equivalents	15,712

Total Current Assets	114,850
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Capital Assets, net

Land and other non-depreciated assets	175,881
Other capital assets - net of depreciation	64,699

Total Capital Assets, net	240,580
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Total Assets	\$ 355,430
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LIABILITIES

Current Liabilities

Accounts payable	\$ 14,997
Bank overdraft	16,809
Unearned income	59,591
Compensated absences payable	1,120
Accrued PILOT	16,235
Deposits due others	2,540

Total Current Liabilities	111,292
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Noncurrent Liabilities

Compensated absences payable	812
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Total Liabilities	112,104
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NET POSITION

Net investment in capital assets	240,580
Unrestricted	2,746

Net Position	\$ 243,326
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The Notes to the Financial Statements are an integral part of these statements.

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

FOR THE YEAR ENDED JUNE 30, 2022

OPERATING REVENUES	
Dwelling rental	\$ 53,193
Governmental operating grants	150,739
Other	90
Total Operating Revenues	204,022
OPERATING EXPENSES	
Administration	91,412
Utilities	6,233
Ordinary maintenance & operations	169,206
General expenses	33,945
Depreciation	33,697
Total Operating Expenses	334,493
Income (Loss) from Operations	(130,471)
Non Operating Revenues (Expenses)	
Interest earnings	4
Total Non-Operating Revenues (Expenses)	4
Income (Loss) before contribution	(130,467)
Capital Contribution	0
Change in net position	(130,467)
Total net position - beginning unadjusted	369,794
Prior period adjustment	3,999
Total net position - beginning adjusted	373,793
Total net position - ending	\$ 243,326

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

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM	
OPERATING ACTIVITIES	
Rental receipts	\$ 80,109
Other receipts	2,119
Federal grants	138,866
Payments to vendors	(204,272)
Payments to employees – net	(42,047)
	<hr/>
Net cash provided (used) by operating activities	(25,225)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	4
	<hr/>
Net cash provided (used) by investing activities	4
	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(25,221)
 CASH AND CASH EQUIVALENTS	
Beginning of Fiscal Year	81,352
	<hr/>
CASH AND CASH EQUIVALENTS	
End of Fiscal Year	\$ 56,131
	<hr/> <hr/>

Continued

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

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

Operating income (loss)	\$ (130,471)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	33,697
Prior period adjustment	3,999
Change in assets and liabilities:	
Receivables	(11,873)
Prepaid items	31,274
Account payables	19,204
Unearned income	26,916
Deposits due others	(140)
Accrued PILOT	2,169
	<hr/>
Net cash provided (used) by operations	\$ (25,225) <hr/> <hr/>

Concluded

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

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of East Carroll Parish 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 East Carroll Parish, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	40 units
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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 East Carroll Parish since East Carroll Parish appoints a voting majority of the Housing Authority's governing board. East Carroll Parish 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, of East Carroll Parish. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of East Carroll Parish.

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 EAST CARROLL PARISH, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

- 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.

The East Carroll Rural Housing, Inc. is a non-profit organization that started with six rental units that were funded through HUD's Section 8 Program. The Board of Directors of this organization is the same board that serves the East Carroll Parish Housing Authority, which enables the Authority to impose its will on the organization. The organization sold all rental units by June 30, 2005. The only remaining financial component is unrestricted cash of \$40,417 at June 30, 2022.

Based on the above, it has been determined that the Rural Housing entity is a component unit of the Housing Authority and should be included, and is included, in the Housing Authority's financial statements through blended presentation. Rural Housing, Inc. does not issue separate financial statements.

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 general fund accounts for the transactions of the Public Housing Low Rent program and the Capital Fund program.

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 sheet.

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.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 \$56,131. This is comprised of cash and cash equivalents of \$40,419 and restricted assets – cash of \$15,712, 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. REVENUE RECOGNITION Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual – that is, when they become *measurable* and *available* to the finance expenditures of the fiscal period. “Available” is determined as collectible within the 12 months of the fiscal year or soon enough thereafter to be used in pay liabilities of the current period.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

G. INVENTORY All purchased inventory items are valued at lower of cost or net reliable value. Inventory is recorded using the purchase method. At year end, the amount of inventory is recorded for external financial reporting.

H. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$5,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful live 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:

Site improvements	20 years
Buildings	10-20 years
Building improvements	10-20 years
Furniture and equipment	5 years
Computers	5 years

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

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

L. POST EMPLOYMENT BENEFITS The Authority does not recognize or pay any post employment benefits.

M. NET POSITION AND FLOW ASSUMPTIONS 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 EAST CARROLL PARISH, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

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 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.

At year-end the Authority has a bank overdraft of \$16,809.

Restricted Cash: \$2,540 should be restricted for security deposits, but the Authority has no cash. An overdraft exists. For the 2017, 18, and 19 CFP programs, respectively, \$5,158, \$34,221, and \$4,500 had been received but not spent for CFP. Therefore, the \$43,879 should have been restricted, but the Authority does not have the cash.

\$15,712 of unexpended CARES Act funds are restricted.

At June 30, 2022, the Housing Authority's carrying amount of deposits was \$56,131 and the bank balance was \$56,131, net of overdraft. The entire bank balance was covered by FDIC Insurance.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at June 30, 2022, are as follows:

<u>Class of Receivables</u>		
Low Rent Subsidy	\$	13,371
2020 CFP		23,975
Internal Revenue Service Overpayment		12,424
		49,770
Total	\$	49,770

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

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land and buildings	\$ 106,732	\$ 0	\$ 0	\$ 106,732
Construction in progress	69,149	0	0	69,149
Depreciable assets:				
Buildings	2,763,607	0	0	2,763,607
Furniture and equipment	35,339	0	0	35,339
Total capital assets	2,974,827	0	0	2,974,827
Less: accumulated depreciation				
Buildings	2,665,212	33,697	0	2,698,909
Furniture and equipment	35,338	0	0	35,338
Total accumulated depreciation	2,700,550	33,697	0	2,734,247
Total capital assets, net	\$ 274,277	\$ (33,697)	\$ 0	\$ 240,580

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5 – ACCOUNTS PAYABLE The payables at June 30, 2022 are as follows:

Vendors	\$	14,997
		14,997
Total	\$	14,997

NOTE 6 – COMPENSATED ABSENCES At June 30, 2022, employees of the Housing Authority have accumulated and vested \$1,932 of employee leave computed in accordance with GASB, Codification Section C60.

NOTE 7 – LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended June 30, 2022.

		Compensated Absences
Balance, beginning	\$	10,146
Deletions		(8,214)
		1,932
Balance, ending		1,932
Amounts due in one year	\$	1,120

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Litigation A former employee of the Authority was recently investigated (and perhaps the investigation may be on going) by the U.S. Attorney’s Office and the Office of Inspector General for the State of Louisiana. We are not aware of the current status of the investigation.

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

Construction Projects There are certain renovation or construction projects in progress at June 30, 2022. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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 should carry commercial insurance.

The only insurance in the audit year was for the surety-fidelity bond, which expired May 1, 2022.

NOTE 9 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$150,739 to the Housing Authority, which represents approximately 75% of the Housing Authority's total revenue and capital contributions for the year.

NOTE 10 - SUBSEQUENT EVENTS Management has evaluated events and transactions subsequent to the statement of net position date through, December 3, 2025, of the independent auditor's report for potential recognition or disclosure in the financial statements.

NOTE 11 – PRIOR PERIOD ADJUSTMENTS An adjustment of \$3,999 was necessary to void checks of the same amount disbursed in the prior year.



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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 East Carroll Parish
Lake Providence, 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 the Housing Authority of East Carroll Parish, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of East Carroll Parish, Louisiana's basic financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of East Carroll Parish, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of East Carroll Parish, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of East Carroll Parish, 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as Audit Findings 2022-001, 002, 003, 004, 006 and 008 to be material weaknesses. *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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of East Carroll Parish, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Questioned Costs as Audit Findings 2022-001 through 2022-008.

Response to Findings

The Housing Authority of East Carroll Parish, Louisiana's response to the findings identified in our audit are described in the accompanying Corrective Action Plan. The Housing Authority of East Carroll Parish, Louisiana's Texas' response was not subjected to the auditing procedure 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.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
December 3, 2025

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED YEAR ENDED JUNE 30, 2022

Section I – Summary of the Auditor’s Results

Financial Statement Audit

1. Type of Auditor’s Report Issued on Financial Statements – Disclaimer of Opinion.

2. Internal Control Over Financial Reporting:

a. Material weakness(es) identified?	<u> ✓ </u>	yes	<u> </u>	no
b. Significant deficiency(ies) identified?	<u> </u>	yes	<u> ✓ </u>	none reported

3. Noncompliance material to financial statements noted?	<u> ✓ </u>	yes	<u> </u>	no
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HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

Low Rent Program-CDFA #14.850 and Capital Fund Program-#14.872

2022-001-Lack of Segregation of Duties

Criteria and Specific Requirement

The Authority should have a properly designed internal control structure. Financial data and compliance aspects, such as recording of tenant rents, the waiting list and calculation of tenant rent, and lack of adequate disbursements are not as reliable as they should be.

Condition Found

The Authority had only one administrative employee for the last half of the year, and as a result could not properly design internal controls. Statement of Auditing Standards (SAS) #115 dictates that either “inadequate design of controls over the preparation of the financial statements” or “absent or inadequate segregation of duties within a significant account or process” are defined by the Standard as at least a significant deficiency, if not a material weakness.

The lack of segregation of duties in large part contributed to the other audit findings that follow.

Cause

Due to cost restrictions, the Authority had limited staff.

Effect

The likelihood was not reduced to a preferable acceptable level that a material misstatement of the financial statements could not occur and be timely detected. However, the potential is mitigated by the Authority employing a competent Executive Director, as of February 2023, and retaining an experienced, competent fee accountant. In addition, a part-time office employee was added in October 2023.

Questioned Costs

None

Recommendation

We have discussed with the current Executive Director how to document the duties performed by the E.D. versus the office assistant, to better document segregation of duties.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

Origination date and prior year reference

The finding originated several years ago.

Views of Responsible Official

I am LaTisa Keys, Executive Director and Designated Person to answer this finding. I began in February 2023. I have discussed and reviewed this issue with the Board of Commissioners. We presently have a competent office assistant who works 30 hours per week.

Low Rent Program-CDFA#14.850

2022-002-Salaries and Compensated Absences Not Adequately Supported

Criteria and Specific Requirement

Salaries, compensated absences, and accrued leave records should be adequately documented.

Condition Found

(a)-We were able to note the total approved amount for office salaries in the budget. However, we were unable to locate a breakdown between the full-time Executive Director and a part-time office employee, who only worked the first six months of the year. The board minutes that we reviewed did not include data on salaries.

(b)-We located time sheets and days worked for both office employees for only the first two months of the audit year. For the audit year, the Authority did not employ a maintenance employee. All repair-type work was done by contract.

Cause

It appears there was a lack of due diligence. In addition, the lack of supervisory checks due to the limited staff as noted in the first audit finding contributed to the issue.

Effect

Salaries were not adequately supported.

Questioned Costs

None.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

Recommendation

When checks are cosigned, the supporting documentation should be closely reviewed.

Views of Responsible Official

We will comply with the auditor's recommendation.

Low Rent Program-CDFA#14.850

2022-003-Disbursements Not Adequately Supported

Criteria and Specific Requirement

Disbursements should be adequately supported by invoices that clearly specify the service performed or items delivered. The authority address should be listed as to where the service was performed or the item delivered. We realize this is a small authority but if purchase orders are not used, at least all checks should be co-signed. Both signers should carefully review the support.

Condition Found

(a)-Of our initial sample of disbursements, none of the ones we reviewed were adequately supported. The total tested was \$74,811. Several of the disbursements tested were ACH-electronic transfers to the Executive Director's account, as noted in (b) below. A representative of the bank identified the account as a personal account of the E.D.

(b)-Of the 64 ACH-electronic transfers we noted, 41 were transfers to the Executive Director's account. The transfers to the E.D. totaled \$34,185. None of them were adequately supported. They are classified presently in Administration-Other Expense, which contributes to the Disclaimer of the Independent Auditor's Opinion.

(c)-We reviewed the remaining \$3,162 classified as Admin-Other of the total of \$37,347. \$1,943 was not supported.

(d)-It appears that payroll taxes, 1099s, and W2s were not prepared and timely filed. If they were, we were unable to review them.

(e)-Approximately 142 checks in the sequential check listing of audit year disbursements have not been located.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

Cause

It appears there was a lack of due diligence. In addition, the lack of supervisory checks due to the limited staff as noted in the first audit finding contributed to the issue.

Effect

Reviewed disbursements were not adequately supported.

Questioned Costs

\$76,754 (\$74,811 and \$1,943).

Recommendation

When checks are cosigned, the supporting documentation should be closely reviewed.

Views of Responsible Official

We will comply with the auditor's recommendation.

Low Rent Program-CDFA#14.850

2022-004-Tenant Receipts Not Adequately Documented

Criteria and Specific Requirement

Tenant receipts should be adequately documented and accounted for.

Condition Found

We noted several deficiencies. They include the following:

(a)-7 of the 12 monthly rental registers are missing. The ones that are present are incomplete and do not reconcile to data.

(b)-The recorded rental revenue for the year is \$53,193. The recorded amount for the prior year was \$76,998. The fee accountant identified \$27,670 of the year's deposits on the rental registers. \$25,523 of other deposits is also recorded as rental revenue, since it not ascertainable what else these deposits could consist of.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

Cause

It appears there was a lack of due diligence. In addition, the lack of supervisory checks due to the limited staff as noted in the first audit finding contributed to the issue.

Effect

Internal controls over tenant collections were inadequate.

Questioned Costs

None

Recommendation

We have suggested steps to utilize the office assistant to improve internal controls in this area.

Views of Responsible Official

We will comply with the auditor's recommendation.

Low Rent Program-CDFA#14.850 and Capital Fund Program-CDFA#14.872

Finding 2022-005-Non-Compliance With Procurement Policy

Criteria and Condition

All amounts above the Small Purchase Threshold (SMT) should follow the Procurement Policy. Depending on the amount, telephone, email, or written bids may be acceptable. Even when individual expenditure amounts paid are below the SMT, if it is reasonable to assume that similar expenditures through the year will in total exceed the SMT, obtaining other quotes is still required.

Condition Found

Of the noted \$74,811 of unsupported disbursements noted in audit finding 003 above, four disbursements that total \$30,686 should have gone through the procurement process. All four amounts exceeded the SMT. We were unable to review any other quotes on these.

In addition, three payments that totaled \$14,479 were paid in the subsequent year for services performed in the audit year for that exceeded the SMT and for which other quotes should be obtained.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

Cause

Apparent oversight

Effect

Documentation is not present that due diligence was made to obtain and compare prices for this service.

Questioned Costs

None

Recommendation

The board of commissioners should review and pre-approve any procurement decisions for expenditures that may exceed the Small Purchase Threshold.

Views of Responsible Official

We will comply with the auditor's recommendation.

Low Rent Program-CDFA#14.850

Finding 2022-006-Low Rent Tenant File Deficiencies

Criteria and Specific Requirement

HUD regulations dictate the necessary steps for intake, processing, maintaining the waiting list, processing move-ins, interims, re-examinations, and various other aspects of the required paperwork and procedures.

Condition Found

We reviewed six tenant files. We noted the following:

(a)-We were unable to determine whether there were any move-ins, due to a missing move-in list, waiting list, and 7 missing rental registers.

(b)-We were unable to locate an annual inspection on the six re-examination files. None of the six had paperwork for the annual required re-examination.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

(c)-There was no documentation of the required annual review of the utility allowances.

(d)-There was no documentation of review and adjustment of the flat rents.

(e)-As noted above, we were unable to locate any waiting lists.

Cause

Apparent oversight and lack of due diligence.

Effect

Assurance is not at the minimum required level that applicants were admitted in the proper order, that tenant rents were correctly calculated, and the other steps were properly executed.

Questioned Costs

None

Recommendation

Controls should be in place that the above functions are supervised. The quality control checks should be documented.

View of Responsible Official

We will comply with the auditor's recommendations.

Low Rent Program-CDFA#14.850 and Capital Fund Program-CDFA#14.872

2022-007-Lack of Insurance

Criteria and Specific Requirement

Federal and state regulations require that the Authority at all times have particular types of insurance in force. This includes surety bond insurance, which ensures the Authority if acts of fraud or related acts by authority employees cause the authority to suffer financial loss.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

Condition Found

It appears that the only insurance in force for the entire audit year was a surety bond which expired May 1, 2022.

Cause

Apparent oversight and lack of due diligence.

Effect

The authority was not insured for the entire year, except for a portion for the surety bond.

Questioned Costs

None

Recommendation

Authority personnel should monitor all insurance coverages and make sure the coverage stays in force.

View of Responsible Officials

We will comply with the auditor's recommendations.

Low Rent Program-CDFA#14.850 and Capital Fund Program-CDFA#14.872

2022-008-Late Filing of Audit Report

Criteria and Specific Requirement

State law requires the audit report be filed no later than 6 months after year end. Federal regulations require the audit report be filed no later than 9 months after year end.

Condition Found

The audit report is past due.

Cause

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

A turnover in personnel contributed to the issue.

Effect

The board of commissioners, HUD, and other interested parties did not receive timely financial information.

Questioned Costs

None

Recommendation

Current management is aware of the federal and state deadlines for the Authority.

View of Responsible Official

I am aware of the filing deadlines.

East Carroll Parish Housing Authority
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Lake Providence, LA 71254
Telephone: (318) 559-3134 Fax: (318)559-3060

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2022

Corrective Action Plan Finding:

2022-001-Lack of Segregation of Duties

Condition:

The Authority had only one administrative employee for the last half of the year, and as a result could not properly design internal controls. Statement of Auditing Standards (SAS) #115 dictates that either “inadequate design of controls over the preparation of the financial statements” or “absent or inadequate segregation of duties within a significant account or process” are defined by the Standard as at least a significant deficiency, if not a material weakness.

The lack of segregation of duties in large part contributed to the other audit findings that follow.

Corrective Action Planned: I am LaTisa Keys, Executive Director and Designated Person to answer this finding. I began in February 2023. I have discussed and reviewed this issue with the Board of Commissioners. We presently have a competent office assistant who works 30 hours per week.

Person responsible for corrective action:

LaTisa, Executive Director
Housing Authority of East Carroll Parish, Louisiana
1415 Mike Ave
Lake Providence, LA 71254

Telephone: (318) 559-3134
Fax: (318)559-3060

Anticipated Completion Date: Not applicable

Corrective Action Plan Finding:

2022-002-Salaries and Compensated Absences Not Adequately Supported

Condition:

(a)-We were able to note the total approved amount for office salaries in the budget. However, we were unable to locate a breakdown between the full-time Executive Director and a part-time office employee, who only worked the first six months of the year. The board minutes that we reviewed did not include data on salaries.

(b)-We located time sheets and days worked for both office employees for only the first two months of the audit year. For the audit year, the Authority did not employ a maintenance employee. All repair-type work was done by contract.

Corrective Action Planned: We will comply with the auditor’s recommendation.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2022

Person responsible for corrective action:

LaTisa, Executive Director
Housing Authority of East Carroll Parish, Louisiana
1415 Mike Ave
Lake Providence, LA 71254

Telephone: (318) 559-3134
Fax: (318)559-3060

Anticipated Completion Date: Not applicable

Corrective Action Plan Finding:

2022-003-Disbursements Not Adequately Supported

Condition:

(a)-Of our initial sample of disbursements, none of the ones we reviewed were adequately supported. The total tested was \$74,811. Several of the disbursements tested were ACH-electronic transfers to the Executive Director's account, as noted in (b) below. A representative of the bank identified the account as a personal account of the E.D.

(b)-Of the 64 ACH-electronic transfers we noted, 41 were transfers to the Executive Director's account. The transfers to the E.D. totaled \$34,185. None of them were adequately supported. They are classified presently in Administration-Other Expense, which contributes to the Disclaimer of the Independent Auditor's Opinion.

(c)-We reviewed the remaining \$3,162 classified as Admin-Other of the total of \$37,347. \$1,943 was not supported.

(d)-It appears that payroll taxes, 1099s, and W2s were not prepared and timely filed. If they were, we were unable to review them.

(e)-Approximately 142 checks in the sequential check listing of audit year disbursements have not been located.

Corrective Action Planned: We will comply with the auditor's recommendation.

Person responsible for corrective action:

LaTisa, Executive Director
Housing Authority of East Carroll Parish, Louisiana
1415 Mike Ave
Lake Providence, LA 71254

Telephone: (318) 559-3134
Fax: (318)559-3060

Anticipated Completion Date: Not applicable

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2022

Corrective Action Plan Finding:

2022-004-Tenant Receipts Not Adequately Documented

Condition:

(a)-7 of the 12 monthly rental registers are missing. The ones that are present are incomplete and do not reconcile to data.

(b)-The recorded rental revenue for the year is \$53,193. The recorded amount for the prior year was \$76,998. The fee accountant identified \$27,670 of the year's deposits on the rental registers. \$25,523 of other deposits is also recorded as rental revenue, since it not ascertainable what else these deposits could consist of.

Corrective Action Planned: We will comply with the auditor's recommendation.

Person responsible for corrective action:

LaTisa, Executive Director
Housing Authority of East Carroll Parish, Louisiana
1415 Mike Ave
Lake Providence, LA 71254

Telephone: (318) 559-3134
Fax: (318)559-3060

Anticipated Completion Date: Not applicable

Corrective Action Plan Finding:

Finding 2022-005-Non-Compliance With Procurement Policy

Condition:

Of the noted \$74,811 of unsupported disbursements noted in audit finding 003 above, four disbursements that total \$30,686 should have gone through the procurement process. All four amounts exceeded the SMT. We were unable to review any other quotes on these.

In addition, three payments that totaled \$14,479 were paid in the subsequent year for services performed in the audit year for that exceeded the SMT and for which other quotes should be obtained.

Corrective Action Planned: We will comply with the auditor's recommendation.

Person responsible for corrective action:

LaTisa, Executive Director
Housing Authority of East Carroll Parish, Louisiana
1415 Mike Ave
Lake Providence, LA 71254

Telephone: (318) 559-3134
Fax: (318)559-3060

Anticipated Completion Date: Not applicable

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2022

Corrective Action Plan Finding:

Finding 2022-006-Low Rent Tenant File Deficiencies

Condition:

We reviewed six tenant files. We noted the following:

- (a)-We were unable to determine whether there were any move-ins, due to a missing move-in list, waiting list, and 7 missing rental registers.
- (b)-We were unable to locate an annual inspection on the six re-examination files. None of the six had paperwork for the annual required re-examination.
- (c)-There was no documentation of the required annual review of the utility allowances.
- (d)-There was no documentation of review and adjustment of the flat rents.
- (e)-As noted above, we were unable to locate any waiting lists.

Corrective Action Planned: I am LaTisa Keys, Executive Director and Designated Person to answer this finding. I have discussed and reviewed this issue with the Board of Commissioners. We presently have a competent office assistant who works 30 hours per week.

Person responsible for corrective action:

LaTisa, Executive Director
Housing Authority of East Carroll Parish, Louisiana
1415 Mike Ave
Lake Providence, LA 71254

Telephone: (318) 559-3134
Fax: (318)559-3060

Anticipated Completion Date: Not applicable

Corrective Action Plan Finding:

2022-007-Lack of Insurance

Condition:

It appears that the only insurance in force for the entire audit year was a surety bond which expired May 1, 2022.

Corrective Action Planned: We will comply with the auditor's recommendations.

Person responsible for corrective action:

LaTisa, Executive Director
Housing Authority of East Carroll Parish, Louisiana
1415 Mike Ave
Lake Providence, LA 71254

Telephone: (318) 559-3134
Fax: (318)559-3060

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2022

Anticipated Completion Date: Not applicable

Corrective Action Plan Finding:
2022-008-Late Filing of Audit Report

Condition:

The audit report is past due.

Corrective Action Planned: I am aware of the filing deadlines.

Person responsible for corrective action:

LaTisa, Executive Director
Housing Authority of East Carroll Parish, Louisiana
1415 Mike Ave
Lake Providence, LA 71254

Telephone: (318) 559-3134
Fax: (318)559-3060

Anticipated Completion Date: Not applicable

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2022

The following prior audit finding was a significant deficiency, required to be reported, in the prior year in accordance with *Governmental Auditing Standards* generally accepted in the United States of America:

Low Rent Program-CDFA#14.850 and Capital Fund Program-CDFA#14.872

2021-001-Lack of Segregation of Duties

Condition

Segregation of duties were not sufficient.

Recommendation

Obviously, the segregation should be improved.

Current Status

The finding is repeated.

Low Rent Program-CDFA#14.850

2021-002-Salaries and Compensated Absences Not Adequately Documented

Condition

Various deficiencies were noted.

Recommendation

These amounts should be better documented.

Current Status

The finding is repeated.

Low Rent Program-CDFA#14.850

2021-003-Disbursements Not Adequately Documented

Condition

Various deficiencies were noted.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2022

The following prior audit finding was a significant deficiency, required to be reported, in the prior year in accordance with *Governmental Auditing Standards* generally accepted in the United States of America:

Recommendation

These amounts should be better documented.

Current Status

The finding is repeated.

Low Rent Program-CDFA#14.850

2021-004-Tenant Receipts Not Adequately Documented

Condition

Various deficiencies were noted.

Recommendation

Tenant receipts should be better accounted for.

Current Status

The finding is repeated.

Low Rent Program-CDFA#14,850 and Capital Fund Program-CDFA#14.872

Finding 2021-005-Non-Compliance With Procurement Policy

Condition

Other quotes were not obtained as required by the Procurement Policy, state and federal regulations.

Recommendation

Quotes should be obtained when necessary.

Current Status

The finding is repeated.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2022

The following prior audit finding was a significant deficiency, required to be reported, in the prior year in accordance with *Governmental Auditing Standards* generally accepted in the United States of America:

Low Rent Program-CDFA#14.850

Finding 2021-006-Low Rent Tenant File Deficiencies

Condition

Various deficiencies were noted.

Recommendation

The tenant files should be better documented. A waiting list should be properly maintained.

Current Status

The finding is repeated.

Low Rent Program-CDFA#-14.850 and Capital Fund Program-CDFA#-14.872

Finding 2021-007-Lack of Surety Bond Insurance

Condition

The Authority had this insurance in force for only part of the audit year.

Current Status

The finding is repeated.

Low Rent Program-CDFA#-14.850 and Capital Fund Program-CDFA#14.872

2021-008-Late Filing of Report

Condition

Deadlines for state and federal filing were not met.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2022

The following prior audit finding was a significant deficiency, required to be reported, in the prior year in accordance with *Governmental Auditing Standards* generally accepted in the United States of America:

Recommendation

Deadlines should be met.

Current Status

The finding is repeated.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED JUNE 30, 2022

CASH BASIS

	2017 Capital Fund	2018 Capital Fund	2019 Capital Fund	2020 Capital Fund
Funds approved	\$ 51,582	\$ 80,765	\$ 83,805	\$ 96,063
Funds expended	46,307	43,387	21,508	23,975
Excess of funds approved	<u>\$ 5,275</u>	<u>\$ 37,378</u>	<u>\$ 62,297</u>	<u>\$ 72,088</u>
Funds advanced	\$ 51,465	\$ 77,608	\$ 26,008	\$ 0
Funds expended	46,307	43,387	21,508	23,975
Excess (Deficiency) of funds advanced	<u>\$ 5,158</u>	<u>\$ 34,221</u>	<u>\$ 4,500</u>	<u>\$ (23,975)</u>

See accountants' report

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

YEAR ENDED JUNE 30, 2022

Agency Head Name: Kelsi McDaniel, Executive Director

Purpose	Amount
Salary	46,777
Benefits-insurance	
Benefits-retirement	
Benefits-<list any other here>	
Car allowance	
Vehicle provided by government	<enter amount reported on W-2>
Per diem	
Reimbursements	2,031
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
Total	48,808

Note: See Audit Findings 2022-002 and 003.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR PROGRAM TITLE	ALN NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 130,190
Capital Fund Program	14.872	20,549
Total United States Department of Housing and Urban Development		\$ 150,739
Total Expenditures of Federal Awards		\$ 150,739

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

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 East Carroll Parish, Louisiana (the “Housing Authority”) under programs of the federal government for the year ended June 30, 2022. 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.

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	\$ 150,739
Total	\$ 150,739

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 – DE MINIMIS INDIRECT COST RATE The Housing Authority did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.