

ROAD HOME CORPORATION D/B/A  
LOUISIANA LAND TRUST

A COMPONENT UNIT OF THE  
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT  
FOR THE YEAR ENDED JUNE 30, 2018  
ISSUED FEBRUARY 20, 2019

**LOUISIANA LEGISLATIVE AUDITOR  
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**FOR STATE AUDIT SERVICES**  
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**DIRECTOR OF FINANCIAL AUDIT**  
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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

February 7, 2019

## Independent Auditor's Report

**LOUISIANA LAND TRUST**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Road Home Corporation d/b/a Louisiana Land Trust (LLT), a component unit of the state of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise LLT'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 an opinion 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LLT as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

#### *Required Supplementary Information*

Management has omitted 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2019, on our consideration of LLT'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 LLT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LLT's internal control over financial reporting and compliance.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

**LOUISIANA LAND TRUST  
STATE OF LOUISIANA**

**Statement of Net Position  
June 30, 2018**

**ASSETS**

Current assets:

Cash (note 2)	\$272,609
Receivables, net (note 3)	667,699
Prepaid expenses	59,522
Total current assets	<u>999,830</u>

Noncurrent assets - capital assets, net (note 4)	<u>1,253,874</u>
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<b>TOTAL ASSETS</b>	<u><u>2,253,704</u></u>
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**LIABILITIES**

Current liabilities:

Accounts payable and accruals (note 5)	700,799
Capital lease obligations (note 8)	302
Total current liabilities	<u>701,101</u>

Noncurrent liabilities:

Compensated absences (note 6)	<u>52,720</u>
Total noncurrent liabilities	<u>52,720</u>

<b>TOTAL LIABILITIES</b>	<u><u>753,821</u></u>
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**NET POSITION**

Net investment in capital assets	1,253,874
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Unrestricted	<u>246,009</u>
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<b>TOTAL NET POSITION</b>	<u><u>\$1,499,883</u></u>
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The accompanying notes are an integral part of this statement.





**LOUISIANA LAND TRUST  
STATE OF LOUISIANA**

**Statement of Revenues, Expenses,  
and Changes in Net Position  
For the Year Ended June 30, 2018**

**OPERATING REVENUES**

Federal grants and contracts	<u>\$1,429,756</u>
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**OPERATING EXPENSES**

Property portfolio expenses (note 9)	438,395
Local government infrastructure program expenses (note 10)	31,437
Neighborhood Stabilization Program expenses	23,793
Salaries and related benefits	521,577
Rent (note 8)	49,616
Insurance	31,511
Travel	10,128
Depreciation	2,635
Professional services	227,807
Other	56,976
<b>Total operating expenses</b>	<u>1,393,875</u>

**OPERATING INCOME**

35,881

**NONOPERATING REVENUES (Expenses)**

Federal grants - land donations, Road Home program	492,120
Proceeds from disposition of property	37,435
Property sale proceeds transferred to local governments	(37,975)
Property disposition expenses	(45,385)
Loss on disposition of properties	(977,034)
<b>Net nonoperating revenues (expenses)</b>	<u>(530,839)</u>

**DECREASE IN NET POSITION**

(494,958)

**NET POSITION - BEGINNING OF YEAR, Restated (note 11)**

1,994,841

**NET POSITION - END OF YEAR**

\$1,499,883

The accompanying notes are an integral part of this statement.



**LOUISIANA LAND TRUST  
STATE OF LOUISIANA**

**Statement of Cash Flows  
For the Year Ended June 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash payments to suppliers for goods and services	(\$768,477)
Cash payments to employees for services	(543,814)
Federal grants and contracts	1,399,419
<b>Net cash provided by operating activities</b>	<u>87,128</u>

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES:**

Principal payments on capital lease	(1,810)
Proceeds from the sale of properties	37,975
Cash payments to local governments	(37,975)
<b>Net cash used by capital and related financing activities</b>	<u>(1,810)</u>

**NET INCREASE IN CASH** 85,318

**CASH AT BEGINNING OF YEAR** 187,291

**CASH AT END OF YEAR** \$272,609

**RECONCILIATION OF OPERATING INCOME TO  
CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$35,881
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,635
Changes in assets and liabilities:	
Decrease in receivables, net	19,280
Decrease in prepayments	7,223
Increase in accounts payable and accruals	42,470
(Decrease) in compensated absences payable	(20,361)
<b>Net cash provided by operating activities</b>	<u><u>\$87,128</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

Contributions of fixed assets	\$492,120
Disposed land assets	(\$977,034)
Reduction of notes receivable from transfer of assets	(\$37,000)

The accompanying notes are an integral part of this statement.



# NOTES TO THE FINANCIAL STATEMENTS

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## INTRODUCTION

The Road Home Corporation d/b/a Louisiana Land Trust (LLT) is a nonprofit organization formed to manage the properties that have been purchased by the state of Louisiana under the current Road Home program as part of the ongoing recovery effort from the damage caused by hurricanes Katrina and Rita in 2005.

The Louisiana Road Home Corporation Act (Act 654 of the 2006 Regular Session of the Louisiana Legislature) became effective on June 29, 2006, and is codified under the provisions of Louisiana Revised Statutes 40:600.61 through 600.68. This act created a nonprofit corporation whose mission is “to finance, own, lease as lessee or lessor, sell, exchange, donate or otherwise hold or transfer a property interest in housing stock damaged by Hurricane Katrina or Hurricane Rita.” This act gave the Road Home Corporation (now doing business as LLT) broad powers to receive and dispose of the properties, to accept funds “from any sources,” to borrow against these properties and to obtain payment for these obligations, and to “enter into any and all agreements” necessary to carry out its mission. This was done under the guidelines “set forth by the Louisiana Recovery Authority” and to provide for financing “as administered by the Office of Community Development.”

LLT is governed by a board of directors appointed by the governor. The members of the board serve without compensation.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PRESENTATION

The accompanying basic financial statements 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 principles and financial reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards* published by GASB. LLT management follows all applicable GASB pronouncements.

### B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy has defined the governmental reporting entity to be the state of Louisiana. LLT is considered a discretely presented component unit of the state of Louisiana because the state exercises oversight responsibility in that the governor appoints the members of the board. The accompanying financial statements present only the activity of LLT. Annually, the state

of Louisiana issues a Comprehensive Annual Financial Report, which includes the activity contained in the accompanying financial statements. Those basic financial statements are audited by the Louisiana Legislative Auditor.

### **Blended Component Unit**

The LLT Community Service Corporation (LLTCSC), a 501(c)(3) nonprofit corporation, is considered a blended component unit of LLT and is included in the basic financial statements. LLTCSC is a wholly-owned subsidiary of LLT created on September 9, 2013, for the purpose of minimizing LLT's potential liability exposure associated with ownership of a demolition site located in New Orleans. LLTCSC does not prepare separate financial statements.

## **C. BASIS OF ACCOUNTING**

Basis of accounting refers to the timing of recognition of revenues and expenses in the accounts and reporting in the financial statements, and the measurement focus refers to what transactions and events should be recorded. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method, revenues are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with LLT's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenue of LLT are federal grants received from OCD through the Road Home program. Operating expenses include demolition costs and property maintenance. The principal nonoperating revenues and expenses are land donations received through the Road Home program and costs resulting from the disposition of those properties.

## **D. CAPITAL ASSETS**

Land received through the Road Home program is recorded at its estimated fair value at the time of donation. Furniture, equipment, and vehicles are valued at historical cost. Depreciation of all exhaustible capital assets of LLT is charged as an expense against operations. Depreciation is computed using the straight-line method based on the estimated useful lives as follows:

	<u>Years</u>
Furniture	7
Equipment	5
Vehicles	5

## E. COMPENSATED ABSENCES

Full-time employees earn vacation leave and sick leave at various rates depending on the employees' number of years of service. There is no limitation on the amount of vacation leave and sick leave that can be accumulated. Upon separation, employees will be compensated for unused vacation leave, up to a maximum of 400 hours. Employees are not paid for accrued sick leave upon termination.

## F. NET POSITION

Net position comprises the various net earnings from revenues and expenses. Net position is classified in the following three components:

- Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position is the remaining net position that is not included in the other categories previously mentioned.

## 2. CASH

Cash includes noninterest-bearing demand deposits (book balances) of \$272,609 at June 30, 2018.

Custodial risk is the risk that in the event of a bank failure LLT's deposits may not be recovered. Under state law, demand deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of LLT by a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2018, LLT has \$311,344 in deposits (collective bank balances), which are secured from risk by federal deposit insurance plus pledge securities.

## 3. RECEIVABLES

As reflected on the statement of net position, the receivables as of June 30, 2018, for LLT are as follows:

Due from Office of Community Development	\$590,164
Due from sale of assets	37,435
Note receivable from transfer of assets	<u>40,100</u>
Total	<u><u>\$667,699</u></u>

#### 4. CAPITAL ASSETS

A summary of changes in capital assets and related depreciation for the fiscal year ended June 30, 2018, follows:

	Balance June 30, 2017	Prior period adjustment	Restated Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated - land	<u>\$1,768,128</u>	<u>\$11,585</u>	<u>\$1,779,713</u>	<u>\$492,120</u>	<u>(\$1,023,394)</u>	<u>\$1,248,439</u>
Capital assets being depreciated:						
Machinery and equipment	107,128		107,128			107,128
Less accumulated depreciation	<u>(99,058)</u>		<u>(99,058)</u>	<u>(2,635)</u>		<u>(101,693)</u>
Total capital assets being depreciated	<u>8,070</u>	NONE	<u>8,070</u>	<u>(2,635)</u>		<u>5,435</u>
Total capital assets, net	<u><u>\$1,776,198</u></u>	<u><u>\$11,585</u></u>	<u><u>\$1,787,783</u></u>	<u><u>\$489,485</u></u>	<u><u>(\$1,023,394)</u></u>	<u><u>\$1,253,874</u></u>

#### 5. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2018:

Vendors payable	\$684,745
Accrued salaries and benefits	14,379
Sales deposits	<u>1,675</u>
Total	<u><u>\$700,799</u></u>

#### 6. COMPENSATED ABSENCES

At June 30, 2018, LLT employees have accumulated vacation leave of \$52,720. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

#### 7. RETIREMENT PLAN

The employees of LLT are members of the Road Home Corporation 401(k) Profit Sharing Plan and Trust (the Plan), a defined-contribution pension plan. LLT is the administrator of the Plan. Contribution requirements for the Plan are established and may be amended by LLT's board of directors. Other benefit terms are established and amended by management. Employees are



eligible to become participants in the Plan after completing one month of employment. Participants in the Plan may contribute between 0% and 92% of their eligible compensation up to the limits established by federal law. LLT provides a matching contribution equal to 100% of the first 4% of compensation deferred by each employee. Participants are fully vested immediately. For the fiscal year ended June 30, 2018, employer and employee contributions were \$7,850 and \$7,816, respectively.

LLT may also make Employer Profit Sharing Contributions in amounts determined each year by its board of directors; however, as of June 30, 2018, LLT has not made such contributions. To be eligible for the Employer Profit Sharing Contributions, employees must be contributing to the Plan and must have worked at least 500 hours of service during the plan year or be employed on the last day of the plan year. The vesting schedule for the Employer Profit Sharing Contributions is as follows:

<u>Years of Vesting Service</u>	<u>Nonforfeitable Percentage</u>
Less than 2	0%
2 years, but less than 3	20%
3 years, but less than 4	40%
4 years, but less than 5	60%
5 years, but less than 6	80%
6 years or more	100%

## 8. LEASE OBLIGATIONS

### Operating Leases

LLT has operating leases for office space. Rental expense for the operating leases during the year ended June 30, 2018, totaled \$49,616. The future minimum rental payments applicable to these leases are as follows:

<u>Year Ending June 30,</u>	
2019	<u>\$19,764</u>
Total	<u><u>\$19,764</u></u>

### Capital Leases

LLT has entered into a capital lease for a copier as of June 30, 2018. The lease term is for three years. The following is a schedule of future minimum lease payments under this capital lease, together with the present value of minimum lease payments at June 30, 2018:

<u>Fiscal Year Ending June 30.</u>	
2019	\$302
Total minimum lease payments	<u>302</u>
Less - amount representing executory costs	<u>NONE</u>
Net minimum lease payments	302
Less - amount representing interest	<u>NONE</u>
Present value of net minimum lease payments	<u><u>\$302</u></u>

## 9. PROPERTY PORTFOLIO EXPENSES

The following is a summary of property portfolio expenses incurred during the year ended June 30, 2018:

Property taxes	\$4,346
Demolition costs	279,119
Insurance	60,953
Closings	58,194
Property maintenance	33,396
Other property expenses	<u>2,387</u>
Total	<u><u>\$438,395</u></u>

## 10. LOCAL GOVERNMENT INFRASTRUCTURE PROGRAM EXPENSES

LLT incurred \$31,437 in expenses during the year ended June 30, 2018, to remove foundation slabs on properties not owned by LLT as part of the local government infrastructure program.

## 11. RESTATEMENT OF BEGINNING NET POSITION

The beginning net position as reflected on Statement B has been restated to reflect the following changes:

Net position at June 30, 2017	\$1,983,256
Correction of error	<u>11,585</u>
Net position at June 30, 2017, as restated	<u><u>\$1,994,841</u></u>

## 12. BLENDED COMPONENT UNIT

LLTCSC is LLT's only blended component unit, and its capital asset and net position - net investment in capital assets valued at \$53,580 as of June 30, 2018, are included in LLT's basic financial statements. These are the only accounts of LLTCSC as of June 30, 2018.

OTHER REPORT REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*

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Exhibit A

The following pages contain a report on internal control over financial reporting and on compliance with laws and regulations and other matters as required by *Government Auditing Standards* issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.





LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

February 7, 2019

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

**LOUISIANA LAND TRUST**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Road Home Corporation d/b/a Louisiana Land Trust (LLT), a component unit of the state of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise LLT's basic financial statements, and have issued our report thereon dated February 7, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LLT'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LLT's internal control. Accordingly, we do not express an opinion on the effectiveness of LLT's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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 following deficiency to be a material weakness.

### **Inaccurate Financial Reporting**

LLT did not have adequate controls over financial reporting to ensure its financial statements were accurate and complete. As a result, for the second consecutive year, LLT submitted an inaccurate Annual Fiscal Report (AFR) to the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP) that contained the following errors requiring adjustment:

- LLT's accounts receivable and operating revenues for federal grants and contracts were overstated by \$204,414, which was caused by a calculation error in LLT's estimated receivables due from OCD.
- LLT's capital assets were understated by \$52,876, which was mainly the result of LLT recording current year land dispositions for properties that LLT disposed of and recorded in the prior year and errors in the amounts recorded for properties disposed of in the current year.

In addition to the errors identified above, LLT's financial statements and note disclosures required the following adjustments:

- LLT misclassified \$15,205 in land value adjustments as property disposition expenses instead of loss on disposition of properties.
- LLT made multiple errors in the presentation of its statement of cash flows.
- Several of LLT's note disclosures were incomplete or contained errors. LLT's cash note disclosure did not contain required disclosures for deposits exposed to custodial credit risk. LLT's receivables note disclosure misclassified \$37,345 in due from sale of assets as notes receivable. LLT's lease obligations note disclosure understated future minimum rental payments of operating leases by \$14,779 in the lease obligations note disclosure.
- LLT did not include a note disclosure for disaggregation of payables to provide details of the significant components of its \$700,799 accounts payable balance.

These errors occurred because management did not perform an adequate review of the AFR and financial statements, which were prepared by a contracted CPA. Failure to

properly compile and review the AFR and financial statements increases the likelihood that errors and omissions, either intentional or unintentional, may occur and remain undetected.

Good internal control over financial reporting should include adequate procedures to record, process, and transmit financial data needed to prepare accurate and complete financial statements. In addition, controls should include a review process that will identify preparation errors and correct those errors before submitting the AFR to OSRAP and issuing its financial statements.

LLT management should perform a thorough review of the AFR and financial statements to identify and correct errors before issuance. LLT's management response outlined a plan of corrective action (see Appendix A). LLT management also indicated that the cause of the adjustment to accounts receivable was the result of a current-year change in the audit calculations performed to estimate the amount due from OCD.

**Additional Comments:** LLT management noted that "LLT followed the calculations from the prior year auditor for the year ended June 30, 2018. The current-year auditor changed the calculation during the current year." However, there were no changes to the current year audit calculations performed to estimate the amount due from OCD. LLT's calculation did not include all components for the estimate.

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. We consider the following deficiency to be a significant deficiency.

### **Weakness in Controls over Expenses**

LLT did not ensure consistent application of established internal controls over all expense transactions for the fiscal year ended June 30, 2018. Of the 20 non-payroll expense transactions tested, five (25%) transactions did not contain the Executive Director's signature of approval for payment. While no misstatements were identified as a result of the control deficiency, internal controls that are not operating effectively increase the risk that errors or fraud could occur and remain undetected.

During the fiscal year, LLT had only three full-time employees. One employee is responsible for all of the accounting transactions, posing a segregation of duties risk. The Executive Director's review and approval of all expense transactions was established to mitigate that risk.

LLT management should ensure that established internal controls are consistently applied for all expense transactions. LLT's management response outlined a corrective action plan (see Appendix A).

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether LLT'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

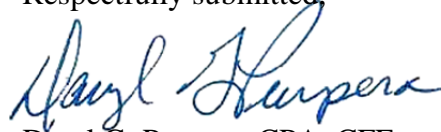
## LLT's Responses to Findings

LLT's responses to the findings identified in our audit are attached in Appendix A. LLT's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

## 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

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LLT 2018



## APPENDIX A

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### Management's Corrective Action Plans and Responses to the Findings and Recommendations





LOUISIANA LAND TRUST

Michael B. Taylor

Executive Director

February 6, 2019

Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, Louisiana 70804

Audit Period: Year Ended June 30, 2018

The Road Home Corporation d/b/a Louisiana Land Trust (LLT) respectfully submits the following corrective action plan for the year ended June 30, 2018.

### **Weakness in Internal Controls**

*Condition:* LLT did not have the appropriate signature of approval from the Executive Director on non-payroll disbursements tested. There were no misstatements identified, internal controls are not operating effectively.

*Cause:* Due to the small number of personnel, occasionally the Executive Director is not available to approve disbursements.

*Action Taken:* Management acknowledges that the Executive Director's approval will help mitigate the risk of misstatement and fraud. They will ensure that internal controls are followed using the three employees that they have. Absolutely no disbursements will be made without Executive Director's approval.

### **Inaccurate Financial Reporting**

*Condition:* LLT submitted an inaccurate AFR report to the Division of Administration.

*Cause:* Adjusting journal entries were made during the audit that caused the ending balances to change.

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*Action Taken:* Management has made the appropriate journal entries and will resubmit the AFR report to the Division of Administration. One of the adjustments changed the amount due from OCD. LLT followed the calculations from the prior year auditor for the year ended June 30, 2018. The current year auditor changed the calculation during the current year. Management will follow this change for future years. The other adjustment was for a change in the valuation of the properties held by LLT. An outside realty company assists in this calculation. Management will review the land calculations with the real estate professional more carefully in future periods.

*Condition:* LLT's financial statements and footnote disclosures required adjustments.

*Cause:* Adjusting journal entries were made during the audit that caused various footnotes and statements to change.

*Action Taken:* Management will review the year end compiled statements prepared by the outside CPA.

If there are any questions regarding the actions taken, please let me know.



Mike Taylor

Executive Director