

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, 2017
ISSUED MARCH 7, 2018

**LOUISIANA LEGISLATIVE AUDITOR
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POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

February 21, 2018

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, 2017, 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, 2017, 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.

Emphasis of Matter

As discussed in note 10, LLT's beginning net position has been restated by \$178,675 for the correction of an error in the calculation of the prior-year estimated receivables. As a result, LLT's beginning net position decreased by \$178,675 to \$2,281,640. Our opinion is not modified with respect to this matter.

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 21, 2018, 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 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,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

AB:ETM:BQD:EFS:aa

LLT 2017

**LOUISIANA LAND TRUST
STATE OF LOUISIANA**

**Statement of Net Position
June 30, 2017**

ASSETS

Current assets:

Cash (note 2)	\$187,291
Receivables, net (note 3)	686,543
Prepaid expenses	66,745
Total current assets	<u>940,579</u>

Noncurrent assets - capital assets, net (note 4)	<u>1,776,198</u>
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TOTAL ASSETS	<u><u>2,716,777</u></u>
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LIABILITIES

Current liabilities:

Accounts payable and accruals	658,328
Capital lease obligations (note 7)	1,810
Total current liabilities	<u>660,138</u>

Noncurrent liabilities:

Compensated absences (note 5)	73,081
Capital lease obligations (note 7)	302
Total noncurrent liabilities	<u>73,383</u>

TOTAL LIABILITIES	<u><u>733,521</u></u>
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NET POSITION

Net investment in capital assets	1,776,198
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Unrestricted	<u>207,058</u>
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TOTAL NET POSITION	<u><u>\$1,983,256</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, 2017**

OPERATING REVENUES

Federal grants and contracts	<u>\$2,133,989</u>
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OPERATING EXPENSES

Property portfolio expenses (note 8)	490,638
Local government infrastructure program expenses (note 9)	126,669
Neighborhood Stabilization Program expenses	15,418
Salaries and related benefits	765,806
Rent (note 7)	49,616
Insurance	28,852
Travel	22,300
Depreciation	4,776
Professional services	232,499
Other	62,955
Total operating expenses	<u>1,799,529</u>

OPERATING INCOME

334,460

NONOPERATING REVENUES (Expenses)

Federal grants - land donations, Road Home program	826,204
Office of Community Development - return of program income	(17,500)
Proceeds from insurance on capital assets	146,330
Property sale proceeds transferred to local governments	(13,445)
Property disposition expenses	(31,652)
Loss on disposition of properties	(1,542,781)
Net nonoperating revenues (expenses)	<u>(632,844)</u>

DECREASE IN NET POSITION

(298,384)

NET POSITION - BEGINNING OF YEAR, Restated (note 10)

2,281,640

NET POSITION - END OF YEAR

\$1,983,256

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, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash payments to suppliers for goods and services	(\$1,458,443)
Cash payments to employees for services	(785,567)
Federal grants and contracts	2,153,489
Net cash used by operating activities	<u>(90,521)</u>

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

Proceeds from insurance on capital assets	146,330
Principal payments on capital lease	(1,810)
Proceeds from the sale of properties	30,945
Cash payments to local governments	(13,445)
Cash payments to the Office of Community Development	(17,500)
Net cash provided by capital and related financing activities	<u>144,520</u>

NET INCREASE IN CASH 53,999

CASH AT BEGINNING OF YEAR 133,292

CASH AT END OF YEAR \$187,291

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

Operating income	\$334,460
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	4,776
Changes in assets and liabilities:	
Decrease in receivables, net	69,116
Decrease in prepayments	3,138
(Decrease) in accounts payable and accruals	(487,231)
(Decrease) in compensated absences payable	(14,780)
Net cash used by operating activities	<u><u>(\$90,521)</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Contributions of fixed assets	\$826,204
Disposed land assets	(\$1,574,101)
Reduction of notes receivable from transfer of assets	(\$31,277)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The 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 \$187,291 at June 30, 2017.

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. At June 30, 2017, all of LLT's deposits (bank balance) were secured by Federal deposit insurance.

3. RECEIVABLES

As reflected on the statement of net position, the receivables as of June 30, 2017, for LLT are as follows:

Due from Office of Community Development	\$609,443
Note receivable from transfer of assets	77,100
	<hr/>
Total	<u>\$686,543</u>

4. CAPITAL ASSETS

A summary of changes in capital assets and related depreciation for the fiscal year ended June 30, 2017, follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated - land	\$2,516,025	\$826,204	(\$1,574,101)	\$1,768,128
Capital assets being depreciated:				
Machinery and equipment	107,128			107,128
Less accumulated depreciation	(94,282)	(4,776)		(99,058)
Total capital assets being depreciated	12,846	(4,776)		8,070
 Total capital assets, net	 <u>\$2,528,871</u>	 <u>\$821,428</u>	 <u>(\$1,574,101)</u>	 <u>\$1,776,198</u>

5. COMPENSATED ABSENCES

At June 30, 2017, LLT employees have accumulated vacation leave of \$73,081. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

6. 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, 2017, employer and employee contributions were \$13,545 and \$17,901, respectively.

LLT may also make Employer Profit Sharing Contributions in amounts determined each year by its board of directors; however, as of June 30, 2017, 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%

7. LEASE OBLIGATIONS

Operating Leases

LLT has operating leases for office space. Rental expense for the operating leases during the year ended June 30, 2017, totaled \$49,616. The future minimum rental payments applicable to these leases are as follows:

<u>Year Ending June 30,</u>	
2018	\$44,690
2019	<u>4,985</u>
Total	<u><u>\$49,675</u></u>

Capital Leases

LLT has entered into a capital lease for a copier as of June 30, 2017. 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, 2017:

<u>Fiscal Year Ending June 30,</u>	
2018	\$1,810
2019	<u>302</u>
Total minimum lease payments	2,112
Less - amount representing executory costs	<u>NONE</u>
Net minimum lease payments	2,112
Less - amount representing interest	<u>NONE</u>
Present value of net minimum lease payments	<u><u>\$2,112</u></u>

8. PROPERTY PORTFOLIO EXPENSES

The following is a summary of property portfolio expenses incurred during the year ended June 30, 2017:

Property taxes	\$196,389
Demolition costs	183,533
Insurance	60,910
Closings	28,396
Property maintenance	13,772
Other property expenses	<u>7,638</u>
Total	<u><u>\$490,638</u></u>

9. LOCAL GOVERNMENT INFRASTRUCTURE PROGRAM EXPENSES

LLT incurred \$126,669 in expenses during the year ended June 30, 2017, to remove foundation slabs on properties not owned by LLT as part of the local government infrastructure program.

10. 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, 2016	\$2,460,315
Correction of errors	<u>(178,675)</u>
Net position at June 30, 2016, as restated	<u><u>\$2,281,640</u></u>

11. 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, 2017, are included in LLT's basic financial statements. These are the only accounts of LLTCSC as of June 30, 2017.

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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 21, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise LLT's basic financial statements, and have issued our report thereon dated February 21, 2018. Our report was modified to include an emphasis of matter paragraph regarding the restatement of LLT's beginning net position.

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.

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

combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Inaccurate Annual Fiscal Report

LLT submitted an inaccurate Annual Fiscal Report (AFR) to the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP) that contained errors requiring adjustments:

- LLT's accounts receivable were overstated by \$283,952, of which \$105,276 resulted from LLT's incorrect posting of an overpayment from the Office of Community Development (OCD) as a revenue and receivable. The remaining error totaling \$178,676 was caused by a calculation error in LLT's estimated receivables due from OCD, which also affected beginning net position.
- LLT incorrectly recorded insurance proceeds totaling \$146,330 as operating revenues instead of nonoperating revenues.
- LLT recorded dispositions in the current year totaling \$46,340 for properties that were disposed of and recorded in the prior year.
- LLT did not record current year dispositions totaling \$34,755 for properties that were transferred to a local government.
- LLT failed to accrue wages totaling \$14,630 for nine of 10 days in the final pay period of fiscal year 2017.

These errors occurred because management did not perform an adequate review of the AFR, which was prepared by a contracted CPA. Failure to properly compile and review the AFR 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 an accurate and complete AFR. In addition, controls should include a review process that will identify preparation errors and correct those errors before submitting the AFR to OSRAP for inclusion in the state's Comprehensive Annual Financial Report.

LLT management should perform a thorough review of the AFR to identify and correct errors before submitting to OSRAP. Management concurred with the finding and provided 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 Response to Finding

LLT's response to the finding identified in our audit is attached in Appendix A. LLT's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

AB:ETM:BQD:EFS:aa

LLT 2017

APPENDIX A

Management's Corrective Action Plan and Response to the Finding and Recommendation



LOUISIANA LAND TRUST

Michael B. Taylor

Executive Director

December 13, 2017

Daryl G. Purpera, CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

The Road Home Corporation d/b/a Louisiana Land Trust (LLT) wants to thank the Louisiana Legislative Auditors (LLA) for its participation in the Single Audit of Louisiana as it relates to LLT.

During the review, the LLA identified one finding that LLT did not submit an accurate Annual Fiscal Report (AFR) to the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP) for the fiscal year ending in June 30, 2017. LLT concurs with the LLA's finding and has agreed to make the audit adjustments recommended by the LLA.

LLT will implement the following corrective actions following the bullet points in your letter dated November 30, 2017:

- The software that LLT uses was not setup for the overpayment that was received from the Office of Community Development (OCD). We will pay closer attention to this in the future. We were following instructions from OCD from prior years for the calculation Due from OCD, we have updated our methodology for calculating moving forward to prevent this in the future.
- LLT intended to use the funds for title insurance curative work so they were classified as operating funds however we now understand the funds should have been Non-Operating. In the future these type of funds will be classified as Non-Operating.

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AN EQUAL OPPORTUNITY EMPLOYER





LOUISIANA LAND TRUST

Michael B. Taylor

Executive Director

- Tighter coordination between closing system and accounting system will be instituted to eliminate confusion around how combined properties are handled in eGrants and accounting.
- Revised year end close out reviews will be instituted to ensure this problem will not recur.
- CPA prepared and we will monitor the entries more closely and complete a detailed review before acceptance of CPA number.

In addition to the corrective actions listed above, LLT's Chief Financial Officer, Rachel Davenport will meet with its external accountant (who is responsible for compiling the AFR) for the purpose of sharing the LLA's Legislative's Auditor's report and to ensure that audit adjustments are properly reported and shared with OSRAP and the LLA.

In conclusion, LLT has taken the LLA's report seriously and will develop the necessary schedules to provide a clear audit trail of how it records audit adjustments to ensure financial statements are fairly stated.

Sincerely,

Michael B Taylor
Executive Director

cc: Walter Leger Jr, LLT Chairman
Wesley Wyman, LLT Board Member
Rebecca Shirley, LLT Board Member
Kathy Laborde, LLT Board Member

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