

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED JUNE 30, 2021

Mike Estes, P.C.
A Professional Accounting Corporation

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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

Opinion

We have audited the accompanying financial statements of the Housing Authority of East Carroll Parish, Louisiana as of and for the year ended June 30, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective position, of the Housing Authority of East Carroll Parish, Louisiana as of and for the year ended June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of East Carroll Parish, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 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, 2021

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, 2021. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for the Housing Authority's activities continues to be subsidies and grants from the U.S. Department of Housing and Urban Development (HUD). Tenant rental income remains a secondary, yet significant, source of operating revenue.
- As of the close of fiscal year 2021, the Housing Authority's assets exceeded its liabilities by \$369,794.
 - ✓ At fiscal year-end 2021, the Housing Authority's assets exceeded its liabilities by \$369,794. Of this total net position, \$274,277 is classified as net investment in capital assets. This amount reflects the Authority's investment in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, net of accumulated depreciation and any outstanding debt related to those assets.
 - ✓ The remaining \$95,517 in unrestricted net position may be used to meet the Housing Authority's ongoing obligations to residents and creditors. As an indicator of financial flexibility, this amount represents approximately 33% of total operating expenses of \$293,184 for fiscal year 2021—equivalent to nearly four months of operations. This compares to approximately six months of coverage in the prior fiscal year, reflecting a decrease in available unrestricted resources.
- For the fiscal year ended 2021, the Housing Authority's total net position decreased by \$66,506, or approximately 15%, compared to the prior year. Although Federal grant revenues for operations and capital improvements increased, the decline in net position reflects higher expenditures and capital activity during the year, as discussed further below.
- The decrease in net position was accompanied by a \$41,651 reduction in unrestricted cash compared to fiscal year 2020. This change primarily resulted from spending \$42,895 more on operations than Federal operating grants received, spending \$1,244 less on capital assets than the amount of Federal capital grants received, and no transfers of excess cash into investments during the year.
- During the current fiscal year, the Authority spent \$15,350 on construction in progress.
- These changes resulted in a decrease in total assets of \$24,229 and an increase in total liabilities of \$42,277. As a related measure of financial health, current assets still cover more than \$2 for every dollar of current liabilities, compared to \$11 per dollar in the prior fiscal year.
- The Housing Authority continues to operate without incurring any debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) serves as an introduction to the Housing Authority's basic financial statements. As a special-purpose government engaged in business-type activities, the Authority presents only fund financial statements as its 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 a comprehensive view of the Housing Authority's overall financial position and offer a long-term perspective on its finances. Additionally, this report includes supplemental information that demonstrates the completion status of HUD-funded projects and addresses any identified deficiencies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions regarding the Authority's finances is: *"Is the Housing Authority, as a whole, better off or worse off as a result of the activities during fiscal year 2021?"* The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the Authority's overall financial health and its operational performance to help answer this question. These statements report all assets and liabilities using the accrual basis of accounting, which is similar to the accounting methods used by most private-sector companies. This means that all revenues earned and expenses incurred during the fiscal year are included, regardless of when cash transactions occur.

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 that have been 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. Net position—the difference between assets and liabilities—provides a useful measure of the Authority's financial health or overall financial position. Changes in net position over time serve as an indicator of whether the Authority's financial condition is improving or deteriorating. However, to fully assess the Housing Authority's overall health, it is also important to consider non-financial factors, such as changes in occupancy levels and the Authority's 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	\$ 127,387
Public Housing Capital Fund Program	19,579
CARES-LR	<u>665</u>
Total funding received this current fiscal year	<u><u>\$ 147,631</u></u>

The Housing Authority's independent auditors have provided assurance in their audit report, which accompanies this MD&A, that the basic financial statements are fairly presented in all material respects. The auditors offer varying levels of assurance on other information included in this report. Users are encouraged to read the independent auditors' report carefully to understand the specific level of assurance provided for each section 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 and 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, a type of proprietary fund. Proprietary funds focus on measuring income and maintaining net position, which together serve as important indicators of the Authority's financial performance and health.

FINANCIAL ANALYSIS

As of June 30, 2021, the Housing Authority reported a total net position of \$369,794. A significant portion of this amount—\$274,277—is invested in capital assets, including land, buildings, and equipment, which are essential for providing quality housing services. The remaining \$95,517 is unrestricted and available to support the Authority's ongoing operations and obligations. Additionally, \$34,030 of assets are specifically restricted to cover tenant security deposits and unexpended but received capital funds. There are no other restrictions on the general net position. This financial structure reflects a balance between long-term investments and the liquidity needed to meet immediate operational needs.

CONDENSED FINANCIAL STATEMENTS

Condensed Statement of Net Position As of June 30, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets	\$ 125,442	\$ 162,775
Assets restricted	34,030	2,580
Capital assets, net of depreciation	<u>274,277</u>	<u>292,623</u>
Total assets	<u>433,749</u>	<u>457,978</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred payments to government assistance programs	<u>-</u>	<u>-</u>
LIABILITIES		
Current liabilities	57,119	14,842
Non-current liabilities	<u>6,836</u>	<u>6,836</u>
Total liabilities	<u>63,955</u>	<u>21,678</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues from government assistance programs	<u>-</u>	<u>-</u>
NET POSITION		
Invested in capital assets, net of depreciation	274,277	292,623
Restricted Net position	-	-
Unrestricted net position	<u>95,517</u>	<u>143,677</u>
Total net position	<u>\$ 369,794</u>	<u>\$ 436,300</u>

CONDENSED FINANCIAL STATEMENTS (Continued)

The net position of these funds decreased by \$66,506, or 15%, compared to fiscal year 2020. 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, 2021**

	<u>2021</u>	<u>2020</u>	<u>Total Changes</u>
OPERATING REVENUES			
Tenant rental revenue	\$ 75,353	\$ 77,558	\$ (2,205)
Other tenant revenue	1,645	3,979	(2,334)
Government grants for operations	132,281	150,292	(18,011)
Other non-tenant revenue	2,028	8,013	(5,985)
Total operating revenues	<u>211,307</u>	<u>239,842</u>	<u>(28,535)</u>
OPERATING EXPENSES			
Administrative expenses and management fees	103,407	117,252	(13,845)
Tenant services	-	286	(286)
Utilities	6,338	5,878	460
Ordinary maintenance and repairs	104,036	89,438	14,598
General	45,706	41,354	4,352
Depreciation	33,696	39,811	(6,115)
Total operating expenses	<u>293,183</u>	<u>294,019</u>	<u>(836)</u>
Income from operations	<u>(81,876)</u>	<u>(54,177)</u>	<u>(27,699)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	20	58	(38)
Total non-operating revenues (expenses)	<u>20</u>	<u>58</u>	<u>(38)</u>
Income before capital contributions	(81,856)	(54,119)	(27,737)
CAPITAL CONTRIBUTIONS	<u>15,350</u>	<u>24,257</u>	<u>(8,907)</u>
CHANGES IN NET POSITION	(66,506)	(29,862)	(36,644)
NET POSITION, BEGINNING OF FISCAL YEAR	436,300	466,162	(29,862)
NET POSITION, END OF FISCAL YEAR	<u>\$ 369,794</u>	<u>\$ 436,300</u>	<u>\$ (66,506)</u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared to the prior fiscal year, total operating and non-operating revenues decreased by \$37,479, or 14%, due to a combination of several offsetting factors. The primary reasons for this change are outlined below:

- Total tenant revenue decreased by \$4,539, or 6%, compared to the prior fiscal year. This decline is primarily due to the sliding scale rent structure, where tenant rent payments are based on their personal income. Since some tenants experienced decreases in income, rent revenue from those tenants also declined, reducing the overall total. Additionally, other tenant-related revenues—such as fees for late rent payments, damages, and other assessments—decreased by \$2,334, or 59%.
- Federal revenues from HUD for operations decreased by \$18,011, or 12%, compared to the prior fiscal year. Operating grant amounts are partly based on the Authority's operational performance in prior years and can fluctuate due to the complexities of HUD's funding formula. This formula generally calculates an allowable expense level adjusted for inflation, occupancy, and other factors, which then serves as the basis for determining the grant amount. Additionally, the rent subsidy received from HUD depends on the eligibility of individual tenants. A decrease in the number of eligible tenants receiving subsidies contributed to the reduction in Housing Assistance Grants, resulting in an overall decrease in federal operating revenues.
- Federal Capital Funds from HUD decreased by \$8,907, or 37%, compared to the prior fiscal year. During fiscal year 2021, the Housing Authority continued to complete projects funded by HUD grants from fiscal years 2017 through 2020 and submitted a new grant application for the current year.
- Total other non-operating revenue decreased by \$5,985, or 75%, compared to the prior fiscal year. This decline was primarily due to dividends received from workers' compensation insurance, which the Authority records as other income in the year they are received.
- Lastly, interest income totaled \$20 for fiscal year 2021, remaining consistent with the prior year and contributing a minimal but steady source of non-operating revenue.

Compared with the prior fiscal year, total operating and non-operating expenses decreased by \$835, essentially remaining flat. This net change resulted from a combination of offsetting factors, which are detailed below:

- Depreciation expense decreased by \$6,114, or 15%, compared to the prior fiscal year. This decline is primarily due to existing capital assets reaching the end of their estimated useful lives.
- Maintenance and repairs expenses increased by \$14,598, or 16%, compared to the prior fiscal year. This change reflects several factors: repair staff wages decreased by \$4,116, while employee benefit contributions related to these staff increased by \$5,806. Additionally, materials costs declined by \$2,301, whereas contract labor expenses rose by \$15,209.
- General expenses increased by \$4,352, or 11%, compared to the prior fiscal year. Payments in lieu of taxes (PILOT) decreased by \$262, or 4%, reflecting changes proportional to rent and utility costs, as PILOT is calculated based on a percentage of rent minus utilities. Insurance premiums increased by \$8,673, or 29%, primarily due to higher property and casualty insurance rates. Additionally, bad debts decreased by \$1,140, and compensated absences decreased by \$2,918, or 100%.
- Administrative expenses decreased by \$13,845, or 12%, compared to the prior fiscal year, due to several offsetting factors. Administrative staff salaries increased by \$6,192, while related employee benefit contributions decreased by \$8,789, resulting in an overall 3% decrease in total staff salaries and benefits. Audit fees decreased by \$6,000, whereas legal fees increased slightly by \$20, leading to a net reduction in outside professional fees. Additionally, staff travel reimbursements declined by \$275, office expenses decreased by \$8,721, and sundry expenses increased by \$3,728, resulting in a 21% decrease in other administrative costs.

- Utilities expense increased by \$460, or 8%, compared to the prior fiscal year due to several cumulative factors. Water costs decreased by \$91, reflecting a 21% reduction in rates. Electricity costs increased by \$270, driven by a 100% rise in consumption. Gas costs rose by \$159, primarily due to a 51% increase in rates. Additionally, other utilities expenses—including labor, benefits, garbage, sewage, and waste removal—increased by \$281, or 56%.
- Finally, expenses for Other Tenant Services decreased by \$286, or 100%, compared to the prior fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the Housing Authority had a total investment of \$2,974,827 in capital assets and construction in progress related to projects funded from 2017 through 2020. This represents an increase of \$15,350 compared to the prior year, excluding accumulated depreciation. Detailed information regarding the Authority’s capital assets is provided in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation
As of June 30, 2021**

	<u>2021</u>	<u>2020</u>
Land	\$ 106,732	\$ 106,732
Construction in progress	69,149	53,799
Buildings	88,946	121,292
Leasehold improvements	9,450	10,801
Total	\$ 274,277	\$ 292,624

As of the end of fiscal year 2021, the Authority is still in the process of completing HUD-funded projects totaling \$312,215 from grants obtained during fiscal years 2017 through 2020. Of this amount, \$185,816 remains to be received, and \$197,587 is planned to be spent to complete these projects during fiscal year 2022.

Debt

Non-current liabilities 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, maintaining a debt-free status.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Housing Authority is primarily dependent on HUD for operational funding, making it more sensitive to changes in the Federal budget than to local economic conditions. The capital budgets for fiscal year 2022 have already been submitted to HUD for approval, with no major changes anticipated.

The Capital Fund programs operate on multi-year budgets and have remained relatively stable. These funds are primarily used for the modernization of public housing properties, including covering 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 Parish of East Carroll; 1415 Mike Avenue; Lake Providence, LA 71254.

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

JUNE 30, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 47,322
Accounts receivable net	37,897
Prepaid items and other assets	31,484
Inventory	8,739
Restricted assets - cash and cash equivalents	34,030

Total Current Assets	159,472
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Capital Assets, net

Land and other non-depreciated assets	175,881
Other capital assets - net of depreciation	98,396

Total Capital Assets, net	274,277
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Total Assets	\$ 433,749
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LIABILITIES

Current Liabilities

Accounts payable	\$ 4,388
Unearned income	32,675
Compensated absences payable	3,310
Accrued PILOT	14,066
Deposits due others	2,680

Total Current Liabilities	57,119
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Noncurrent Liabilities

Compensated absences payable	6,836
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Total Liabilities	63,955
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NET POSITION

Net investment in capital assets	274,277
Unrestricted	95,517

Net Position	\$ 369,794
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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, 2021

OPERATING REVENUES	
Dwelling rental	\$ 75,353
Governmental operating grants	132,281
Tenant revenue- other	1,645
Other	2,028
Total Operating Revenues	211,307
OPERATING EXPENSES	
Administration	103,407
Utilities	6,338
Ordinary maintenance & operations	104,036
General expenses	45,706
Depreciation	33,696
Total Operating Expenses	293,183
Income (Loss) from Operations	(81,876)
Non Operating Revenues (Expenses)	
Interest earnings	20
Total Non-Operating Revenues (Expenses)	20
Income (Loss) before contribution	(81,856)
Capital Contribution	15,350
Change in net position	(66,506)
Total net position - beginning	436,300
Total net position - ending	\$ 369,794

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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 108,323
Other receipts	10,675
Federal grants	100,962
Payments to vendors	(150,334)
Payments to employees – net	(111,296)
	(41,670)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(15,350)
Federal capital grants	15,350
	0
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	20
	20
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41,650)
CASH AND CASH EQUIVALENTS	
Beginning of Fiscal Year	123,002
CASH AND CASH EQUIVALENTS	End of Fiscal Year
	\$ 81,352

Continued

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

FOR THE YEAR ENDED JUNE 30, 2021

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

Operating income (loss)	\$	(81,876)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense		33,696
Change in assets and liabilities:		
Receivables		(24,417)
Prepaid items		(4,855)
Account payables		2,712
Unearned income		32,970
Deposits due others		100
		<hr/>
Net cash provided (used) by operations	\$	<u>(41,670)</u>

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, 2021

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

JUNE 30, 2021

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, 2021

- 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, 2021.

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.

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

JUNE 30, 2021

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. 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 \$81,352. This is comprised of cash and cash equivalents of \$47,322 and restricted assets – cash of \$34,030, on the statement of net position.

E. 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.

F. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year end, the amount of inventory is recorded for external financial reporting.

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

H. 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

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

JUNE 30, 2021

I. 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.

J. 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.

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

L. 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.

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at June 30, 2021. Deposits are stated at cost, which approximates fair value.

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

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

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

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

JUNE 30, 2021

Restricted Cash: \$2,680 is restricted in the General Fund for security deposits. \$31,350 is restricted for an amount equal to unexpended capital funds that have been received.

At June 30, 2021, the Housing Authority's carrying amount of deposits was \$81,252 and the bank balance was \$90,910. Petty cash consists of \$100. The entire bank balance was covered by FDIC Insurance.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at June 30, 2021, are as follows:

<u>Class of Receivables</u>	
Federal sources:	
Grants	\$ 37,897
	<hr/>
Total	\$ 37,897
	<hr/> <hr/>

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	53,799	15,350	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	2,959,477	15,350	0	2,974,827
Less: accumulated depreciation				
Buildings	2,631,515	33,697	0	2,665,212
Furniture and equipment	35,338	0	0	35,338
Total accumulated depreciation	2,666,853	33,697	0	2,700,550
Total capital assets, net	\$ 292,624	\$ (18,347)	\$ 0	\$ 274,277

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

JUNE 30, 2021

NOTE 5 – ACCOUNTS PAYABLE The payables at June 30, 2021 are as follows:

Vendors	\$	4,338
		4,338
Total	\$	4,338

NOTE 6 – COMPENSATED ABSENCES At June 30, 2021, employees of the Housing Authority have accumulated and vested \$10,146 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, 2021.

		Compensated Absences
Balance, beginning	\$	10,146
Additions		0
Deletions		0
		0
Balance, ending		10,146
Amounts due in one year	\$	3,310

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.

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

JUNE 30, 2021

Construction Projects There are certain renovation or construction projects in progress at June 30, 2021. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

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

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

This includes coverage of property, general liability, public liability, and worker's compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the PHA's premiums and deductions are met.

Louisiana State law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council, Inc. Group Self Insurance Risk Management Agency risk pool is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

Coverage has not significantly changed from the previous year and settlements for each of the past three years have not exceeded insurance coverage.

The Authority has adopted GASB Statement No. 96, which provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). The adoption of GASB Statement No. 96 had no material effect on the Authority's June 30, 2021 financial statements.

NOTE 9 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$147,631 to the Housing Authority, which represents approximately 65% 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.



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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, 2021, 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 2021-001, 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 2021-001 through 2021-008.

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, 2021

Section I – Summary of the Auditor’s Results

Financial Statement Audit

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

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

YEAR ENDED JUNE 30, 2021

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

2021-001-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 the waiting list and calculation of tenant rent, are not as reliable as they should be.

Condition Found

The Authority had only one administrative employee 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. However, we will mention one here. The bank reconciliation at June 30, 2021 lists 14 missing checks.

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, 2021

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

2021-002-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)-A gross amount of \$6,984 was paid to a long-time retiring Executive Director, for a listed 300 hours of accrued leave. However, we were unable to review any detail that supported the accumulation of the 300 hours. Payroll taxes were withheld. A final payment to a departing employee of \$2,478 appeared to be for accrued leave, but again, we were unable to review any detail, or even a note about the number of accrued hours. We were also unable to determine whether payroll taxes were withheld.

(b)-Two checks that totaled \$3,040 and two other checks that totaled \$1,760 were paid to the new Executive Director and another employee respectively which had no payroll taxes withheld.

(c)-We were unable to trace approval of any wage amount to any information. No Statement of Positions and Salaries accompanied the annual budget. The board minutes that we reviewed did not include data on salaries.

(d)-It appears that payroll tax reports, 1099s, and W-2s were not timely prepared and filed. If they were, we were unable to review them.

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.

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

YEAR ENDED JUNE 30, 2021

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:

Effect

Salaries were not adequately supported. Payroll taxes were underpaid.

Questioned Costs

None.

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

2021-003-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

In our initial review of 25 sample disbursements, 3 were not adequately supported. In our review of Other Administrative Expense, we noted 2 of 11 disbursements were not adequately supported. In our review of 10 Maintenance and Contract Costs expenses, we noted 2 that were not adequately supported. The total unsupported from this review is \$4,909.

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.

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

YEAR ENDED JUNE 30, 2021

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:

Effect

Reviewed disbursements were not adequately supported.

Questioned Costs

\$4,909

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

2021-004-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)-A page of one monthly rental register was missing.
- (b)-In one instance, the rent charged per the rent register did not agree to the monthly amount charged per the rent register
- (c)-8 tenants were noted on the October and December 2020 rent registers that were not listed on the November 2020 rent register
- (d)-October and December information was used to estimate missing November charges

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

YEAR ENDED JUNE 30, 2021

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:

(e)-In various instances, ending balances did not agree to beginning balances for the next month

(f)-One May 2021 rent receipt included the initials of the Executive Director that had retired in December 2020

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 2021-005-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.

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

YEAR ENDED JUNE 30, 2021

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

A \$10,000 disbursement was paid for labor and materials to replace some flooring. The expenditure was properly supported. However, we were unable to review the efforts, if any, to obtain other quotes or bids for this service.

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 2021-006-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.

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

YEAR ENDED JUNE 30, 2021

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

We reviewed six tenant files. We noted the following:

- (a)-Two of the six were current year move-ins. We were unable to review a waiting list for that period and unable to determine if the move-ins were next up on the list.
- (b)-We were unable to locate an annual inspection on the four re-examination files.
- (c)-For one tenant, there was a \$13 difference in the amount charged per the rental register, compared to the lease agreement and the 50058.
- (d)-There was no documentation of the required annual review of the utility allowances.
- (e)-There was no documentation of review and adjustment of the flat rents.
- (f)-We were unable to locate any waiting lists.

Cause

Apparent oversight.

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.

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

YEAR ENDED JUNE 30, 2021

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-CDFA#14.872

2021-007-Lack of Surety Bond 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.

Condition Found

It appears that the authority did not have a surety bond in force for the audit year. We did note that on August 6, 2021, the authority paid a premium and paperwork shows that the insurance was in force from May 1, 2021, as a result of this payment.

Cause

We are not aware of the reason.

Effect

The authority was not insured for much of the year as a result of the non payment.

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.

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

YEAR ENDED JUNE 30, 2021

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-CDFA#14.872

2021-008-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

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

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2021

Corrective Action Plan Finding:

2021-001-Lack of Segregation of Duties

Condition:

The Authority had only one administrative employee and as a result cannot 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. However, we will mention one here. The bank reconciliation at June 30, 2021 lists 14 missing checks.

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:

2021-002-Salaries and Compensated Absences Not Adequately Supported

Condition:

(a)-A gross amount of \$6,984 was paid to a long-time retiring Executive Director, for a listed 300 hours of accrued leave. However, we were unable to review any detail that supported the accumulation of the 300 hours. Payroll taxes were withheld. A final payment to a departing employee of \$2,478 appeared to be for accrued leave, but again, we were unable to review any detail, or even a note about the number of accrued hours. We were also unable to determine whether payroll taxes were withheld.

(b)-Two checks that totaled \$3,040 and two other checks that totaled \$1,760 were paid to the new Executive Director and another employee respectively which had no payroll taxes withheld.

(c)-We were unable to trace approval of any wage amount to any information. No Statement of Positions and Salaries accompanied the annual budget. The board minutes that we reviewed did not include data on salaries.

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YEAR ENDED JUNE 30, 2021

(d)-It appears that payroll tax reports, 1099s, and W-2s were not timely prepared and filed. If they were, we were unable to review them.

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:

2021-003-Disbursements Not Adequately Supported

Condition:

In our initial review of 25 sample disbursements, 3 were not adequately supported. In our review of Other Administrative Expense, we noted 2 of 11 disbursements were not adequately supported. In our review of 10 Maintenance and Contract Costs expenses, we noted 2 that were not adequately supported. The total unsupported from this review is \$4,909.

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:

2021-004-Tenant Receipts Not Adequately Documented

Condition:

We noted several deficiencies. They include the following:

(a)-A page of one monthly rental register was missing.

(b)-In one instance, the rent charged per the rent register did not agree to the monthly amount charged per the rent register

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YEAR ENDED JUNE 30, 2021

(c)-8 tenants were noted on the October and December 2020 rent registers that were not listed on the November 2020 rent register

(d)-October and December information was used to estimate missing November charges

(e)-In various instances, ending balances did not agree to beginning balances for the next month

(f)-One May 2021 rent receipt included the initials of the Executive Director that had retired in December 2020

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 2021-005-Non-Compliance With Procurement Policy

Condition:

A \$10,000 disbursement was paid for labor and materials to replace some flooring. The expenditure was properly supported. However, we were unable to review the efforts, if any, to obtain other quotes or bids for this service.

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 2021-006-Low Rent Tenant File Deficiencies

Condition:

We reviewed six tenant files. We noted the following:

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YEAR ENDED JUNE 30, 2021

- (a)-Two of the six were current year move-ins. We were unable to review a waiting list for that period and unable to determine if the move-ins were next up on the list.
- (b)-We were unable to locate an annual inspection on the four re-examination files.
- (c)-For one tenant, there was a \$13 difference in the amount charged per the rental register, compared to the lease agreement and the 50058.
- (d)-There was no documentation of the required annual review of the utility allowances.
- (e)-There was no documentation of review and adjustment of the flat rents.
- (f)-We were unable to locate any waiting lists.

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

Anticipated Completion Date: Not applicable

Corrective Action Plan Finding:

2021-007-Lack of Surety Bond Insurance

Condition:

It appears that the authority did not have a surety bond in force for the audit year. We did note that on August 6, 2021, the authority paid a premium and paperwork shows that the insurance was in force from May 1, 2021, as a result of this payment.

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

Anticipated Completion Date: Not applicable

HOUSING AUTHORITY OF EAST CARROLL PARISH, LOUISIANA
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YEAR ENDED JUNE 30, 2021

Corrective Action Plan Finding:

2021-008-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, 2021

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:

The prior audit finding was conducted by another public accounting firm.

Program Name

2020-001-Segregation of Duties

Condition

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

Recommendation

The firm agreed with Management that it would not be cost beneficial or possible with the limited resources available to create a segregated internal accounting department.

Current Status

This finding is repeated in the current audit.

SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2021

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	5,355	19,579
Excess of funds approved	<u>\$ 5,275</u>	<u>\$ 37,378</u>	<u>\$ 78,450</u>	<u>\$ 76,484</u>
Funds advanced	\$ 51,465	\$ 53,426	\$ 21,508	0
Funds expended	46,307	43,387	5,355	19,579
Excess (Deficiency) of funds advanced	<u>\$ 5,158</u>	<u>\$ 10,039</u>	<u>\$ 16,153</u>	<u>\$ (19,579)</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, 2021

Agency Head Name: Barbara McDaniel, Executive Director

Purpose	Amount
Salary	31,195
Benefits-insurance	5,914
Benefits-retirement	
Benefits-<list any other here>	
Car allowance	
Vehicle provided by government	<enter amount reported on W-2>
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
Total	37,109

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, 2021

Agency Head Name: Kelsi McDaniel, Executive Director

Purpose	Amount
Salary	20,277
Benefits-insurance	1,919
Benefits-retirement	
Benefits-<list any other here>	
Car allowance	
Vehicle provided by government	<enter amount reported on W-2>
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
Total	22,196

See accountants' report

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

YEAR ENDED JUNE 30, 2021

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	\$ 127,387
COVID-19-Low-Income Housing Operating Subsidy	14.850a	665
Capital Fund Program	14.872	19,579
Total United States Department of Housing and Urban Development		\$ 147,631
Total Expenditures of Federal Awards		\$ 147,631

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, 2021

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, 2021. 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	\$	132,281
Capital contributions		15,350
Total	\$	147,631

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.