

**HOUSING AUTHORITY OF SULPHUR, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA**

**TWELVE MONTHS ENDED DECEMBER 31, 2019**

**Mike Estes, P.C.**  
A Professional Accounting Corporation

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Independent Auditor's Report

Board of Commissioners  
Housing Authority of Sulphur  
Sulphur, Louisiana

***Report on the Financial Statements***

We have audited the accompanying financial statements of each major fund of the Housing Authority of the City of Sulphur, Louisiana as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority of Sulphur, Louisiana basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including 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 and audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Housing Authority of the City of Sulphur, Louisiana, as of December 31, 2019, 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.

### ***Emphasis of Matter***

Also included in Supplementary Information is an Agreed-Upon Procedures report, which reports on an Agreed-Upon Procedures engagement now required by the Louisiana Legislative Auditor. Our opinion is not modified in respect to this matter.

### ***Other Matters***

### ***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, 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Sulphur, Louisiana's basic financial statements. The statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, 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*, and other information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, 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*, and other information as listed on the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, schedule of expenditures of federal awards, and other information as listed on the table of contents 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 September 14, 2020 on our consideration of the Housing Authority of the City of Sulphur, 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 City of Sulphur, 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 the City of Pecos, Texas' internal control over financial reporting and compliance.

*Mike Estes, P.C.*

Mike Estes, P.C.  
Fort Worth, Texas  
September 14, 2020

**HOUSING AUTHORITY OF SULPHUR, LA**

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

**December 31, 2019**

The management of Housing Authority of Sulphur, LA presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending December 31, 2019. 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 these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$3,945,787 at the close of the fiscal year ended 2019.
  - ✓ Of this amount \$2,458,963 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts.
  - ✓ Also, of this amount, \$1,079 of net position is restricted for the Housing Choice Voucher program.
  - ✓ The remainder of \$1,485,745 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 60% of the total operating expenses of \$2,490,586 for the fiscal year 2019, which means the Authority might be able to operate about 7 months using the unrestricted assets alone, compared to 8 months in the prior fiscal year.
- The Housing Authority's total net position decreased by \$34,792, a 1% decrease from the prior fiscal year 2018.
- The decrease in net position of these funds was accompanied by a decrease in unrestricted cash by \$313,811 from fiscal year 2018.
- The Authority spent \$458,345 on capital asset additions.
- These changes led to a decrease in total assets by \$58,851 and a decrease in total liabilities by \$24,059. As related measure of financial health, there are still over \$19 of current assets covering each dollar of total current liabilities, which compares to \$17 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

#### **Reporting on the Housing Authority as a Whole**

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2019?" The Statement of net position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.



### **Fund Financial Statements**

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, 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. One can think of the Housing Authority's net position – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

### **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:

Public Housing Capital Fund Program	\$ 160,577
Low Rent Public Housing	552,907
Housing Choice Vouchers	423,788
Moderate Rehab	552,284
Total funding received this current fiscal year	<u>\$ 1,689,556</u>

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

### **Reporting the Housing Authority's Most Significant Funds**

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net position, is an important financial indicator.

### **FINANCIAL ANALYSIS**

The Housing Authority's net position was \$3,945,787 as of December 31, 2019. Of this amount, \$2,458,963 was invested in capital assets and \$1,485,745 was unrestricted. There were \$1,079 in specific assets restricted for the Housing Choice Voucher (HCV) program.



**CONDENSED FINANCIAL STATEMENTS**

**Condensed Statement of Net Position  
As of December 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets	\$ 1,554,095	\$ 1,782,220
Restricted Assets	84,481	61,865
Capital assets, net of depreciation	<u>2,458,963</u>	<u>2,312,305</u>
Total assets	<u>4,097,539</u>	<u>4,156,390</u>
<b>LIABILITIES</b>		
Current liabilities	81,808	109,877
Non-current liabilities	<u>69,944</u>	<u>65,934</u>
Total liabilities	<u>151,752</u>	<u>175,811</u>
<b>NET POSITION</b>		
Invested in capital assets, net of depreciation	2,458,963	2,312,305
Net position, Restricted	1,079	-
Unrestricted net position	<u>1,485,745</u>	<u>1,668,274</u>
Total net position	<u>\$ 3,945,787</u>	<u>\$ 3,980,579</u>

The net position of these funds decreased by \$34,792, or by 1%, from those of fiscal year 2018, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**CONDENSED FINANCIAL STATEMENTS (Continued)**

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Fiscal Year Ended December 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Tenant Revenue	\$ 657,958	\$ 671,279
HUD grants for operations	1,593,956	1,552,573
Other non-tenant revenue	95,179	335,266
Fraud Recovery	5,916	11,241
Total operating revenues	<u>2,353,009</u>	<u>2,570,359</u>
<b>OPERATING EXPENSES</b>		
General	216,776	203,610
Ordinary maintenance and repairs	522,145	609,277
Administrative expenses and management fees	451,612	421,761
Utilities	106,158	101,233
Protective services	11,680	-
Tenant services	450	450
Federal Housing Assistance Payments (HAP) to landlords & Ports	870,079	871,356
Casualty Loss	-	219,039
Depreciation	311,686	308,490
Total operating expenses	<u>2,490,586</u>	<u>2,735,216</u>
Income (losses) from operations	<u>(137,577)</u>	<u>(164,857)</u>
<b>NON-OPERATING REVENUES</b>		
Interest income	7,185	2,614
Gains from sale or disposal of assets	-	4,001
Total non-operating revenues	<u>7,185</u>	<u>6,615</u>
Income (losses) before capital contributions	<u>(130,392)</u>	<u>(158,242)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>95,600</u>	<u>98,468</u>
<b>CHANGES IN NET POSITION</b>	<u>(34,792)</u>	<u>(59,774)</u>
<b>NET POSITION - BEGINNING</b>	3,980,579	4,040,353
<b>NET POSITION - END</b>	<u>\$ 3,945,787</u>	<u>\$ 3,980,579</u>

## EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and capital contributions decreased \$219,648 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue decreased by \$13,321 from that of the prior fiscal year because the amount of rent each tenant pays is based on a sliding scale of their personal income. Included in this total is other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) which increased by \$19,139.
- Federal revenues from HUD for operations increased by \$41,383 from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant.
- Federal Capital Funds from HUD decreased by \$2,868 from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2017 through 2018, and submitted a new grant during fiscal year 2019.
- Total other operating revenue decreased by \$245,412 and interest income increased by \$4,571 from the prior fiscal year.

Compared with the prior fiscal year, total operating expenses decreased \$244,630, or by 9%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense increased by \$3,196 from that of the prior fiscal year.
- Maintenance and repairs decreased by \$87,132 from that of the prior fiscal year due to changes in the following: Repair staff wages decreased by \$11,882 and related employee benefit contributions decreased by \$12,471. Materials used decreased by \$18,010 and contract labor costs decreased by \$44,769.
- General Expenses increased by \$13,165 from that of the prior fiscal year. Payments in lieu of taxes (PILOT) decreased by \$3,732. PILOT is calculated as a percentage of rent minus utilities and therefore changed proportionately to the changes in each of these. Insurance premiums increased by \$6,433, other general expenses increased by \$3,478 and bad debts increased by \$15,064. Lastly, compensated absences decreased by \$8,078.
- Administrative Expenses increased by \$29,852 from that of the prior fiscal year due to a combination of factors. Administrative staff salaries increased by \$9,332 and related employee benefit contributions increased by \$30,372; therefore, total staff salaries and benefit costs increased. Outside professional fees changed as follows: audit fees decreased by \$1,484 and legal fees decreased by \$178. In addition, staff travel reimbursements increased by \$1,000, office expenses decreased by \$7,465 and sundry expenses decreased by \$1,725.
- Housing Assistance Payments to landlords decreased by \$1,277 from that of the prior fiscal year partly because there was a decrease in the number of tenants qualifying for subsidy during the year.
- Utilities Expense increased by \$4,925 from that of the prior fiscal year because water cost increased by \$2,684, electricity cost increased by \$3,635, gas cost increased by \$235, and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) decreased by \$1,629.
- Protective services increased by \$11,680 from that of the prior fiscal year.
- Casualty losses decreased by \$219,039 from that of the prior fiscal year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At December 31, 2019, the Housing Authority had a total cost of \$13,250,173 invested in a broad range of assets and construction in progress from projects funded in 2017 through 2018, listed below. This amount, not including depreciation, represents increases of \$458,345 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

#### **Statement of Capital Assets As of December 31, 2019**

	<u><b>2019</b></u>	<u><b>2018</b></u>
Land	\$ 99,900	\$ 99,900
Construction in progress	-	81,427
Buildings	11,300,528	10,775,516
Leasehold improvements	1,626,250	1,617,490
Furniture and equipment	223,495	271,030
Accumulated Depreciation	<u>(10,791,210)</u>	<u>(10,533,058)</u>
Total	<u><u>\$ 2,458,963</u></u>	<u><u>\$ 2,312,305</u></u>

As of the end of the 2019 fiscal year, the Authority is still in the process of completing HUD grants of \$786,583 obtained during the 2018 and 2019 fiscal years. A total remainder of \$777,823 will be received and spent for completing these projects during fiscal year 2020 and thereafter.

### **Debt**

Non-current liabilities also include accrued annual leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2020 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

## **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 Vena F. Bertrand, at Housing Authority of Sulphur, LA; 312 Brook St, Sulphur, LA 70663.

**HOUSING AUTHORITY OF SULPHUR, LOUISIANA**  
**STATEMENT OF NET POSITION**

**DECEMBER 31, 2019**

	General	Housing Choice Voucher	Moderate Rehab	Total Primary Government	Component Units	Total
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 619,234	\$ 228,120	\$ 115,616	\$ 962,970	\$ 25,394	\$ 988,364
Investments - Unrestricted	440,501	0	0	440,501	0	440,501
Accounts receivable net	3,201	0	87,052	90,253	714	90,967
Interest receivable	1,605	0	0	1,605	0	1,605
Prepaid items and other assets	54,468	2,137	197	56,802	6,570	63,372
Inventory	1,964	0	0	1,964	0	1,964
Restricted assets - cash and cash equivalents	83,402	1,079	0	84,481	248,249	332,730
Total Current Assets	1,204,375	231,336	202,865	1,638,576	280,927	1,919,503
Capital Assets, net						
Land and other non-depreciated assets	99,900	0	0	99,900	542,316	642,216
Other capital assets - net of depreciation	2,359,063	0	0	2,359,063	4,448,222	6,807,285
Total Capital Assets, net	2,458,963	0	0	2,458,963	4,990,538	7,449,501
Noncurrent						
Other Assets	0	0	0	0	88,455	88,455
Total Assets	\$ 3,663,338	231,336	202,865	4,097,539	\$ 5,359,920	\$ 9,457,459
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	\$ 7,254	\$ 1,127	\$ 0	\$ 8,381	\$ 0	\$ 8,381
Unearned income	840	0	0	840	108	948
Compensated absences payable	12,157	722	0	12,879	0	12,879
Accrued interest payable	0	0	0	0	5,098	5,098
Current portion of notes payable	0	0	0	0	25,124	25,124
Deposits due others	59,708	0	0	59,708	12,201	71,909
Total Current Liabilities	79,959	1,849	0	81,808	42,531	124,339
Noncurrent Liabilities						
Compensated absences payable	65,251	4,693	0	69,944	0	69,944
Noncurrent portion of notes payable	0	0	0	0	1,676,954	1,676,954
Accrued interest payable	0	0	0	0	173,710	173,710
Noncurrent liabilities - other	0	0	0	0	442,591	442,591
Total Noncurrent Liabilities	65,251	4,693	0	69,944	2,293,255	2,363,199
Total Liabilities	145,210	6,542	0	151,752	2,335,786	2,487,538
<b>NET POSITION</b>						
Net investment in capital assets, net of related debt						
Restricted	2,458,963	0	0	2,458,963	2,672,159	5,131,122
Unrestricted	0	1,079	0	1,079	236,049	237,128
Net Position	1,059,165	223,715	202,865	1,485,745	115,926	1,601,671
Net Position	3,518,128	224,794	202,865	3,945,787	3,024,134	6,969,921

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

**HOUSING AUTHORITY OF SULPHUR, LOUISIANA**  
**STATEMENT OF REVENUES,**  
**EXPENSES AND CHANGES IN FUND NET POSITION**

**YEAR ENDED DECEMBER 31, 2019**

	General	Housing Choice Voucher	Moderate Rehab	Total Primary Government	Component Units	Total
<b>OPERATING REVENUES</b>						
Dwelling rental	\$ 522,346	\$ 0	\$ 0	\$ 522,346	\$ 330,319	\$ 852,665
Governmental operating grants	617,884	423,788	552,284	1,593,956	0	1,593,956
Other- dwelling	135,612	0	0	135,612	17,426	153,038
Other	93,074	5,917	2,104	101,095	0	101,095
<b>Total Operating Revenues</b>	<b>1,368,916</b>	<b>429,705</b>	<b>554,388</b>	<b>2,353,009</b>	<b>347,745</b>	<b>2,700,754</b>
<b>OPERATING EXPENSES</b>						
Administration	338,353	46,015	67,244	451,612	76,596	528,208
Tenant Services	450	0	0	450	0	450
Utilities	106,158	0	0	106,158	10,002	116,160
Ordinary maintenance & operations	522,145	0	0	522,145	152,523	674,668
General expenses	198,778	7,781	10,217	216,776	35,295	252,071
Depreciation	311,686	0	0	311,686	211,054	522,740
Housing assistance payments	0	383,508	484,631	868,139	0	868,139
Port-in housing assistance payments	0	1,940	0	1,940	0	1,940
Protective services	11,680	0	0	11,680	0	11,680
<b>Total Operating Expenses</b>	<b>1,489,250</b>	<b>439,244</b>	<b>562,092</b>	<b>2,490,586</b>	<b>485,470</b>	<b>2,976,056</b>
<b>Income (Loss) from Operations</b>	<b>(120,334)</b>	<b>(9,539)</b>	<b>(7,704)</b>	<b>(137,577)</b>	<b>(137,725)</b>	<b>(275,302)</b>
<b>Non Operating Revenues (Expenses)</b>						
Interest earnings	6,834	272	79	7,185	1,487	8,672
Interest expense	0	0	0	0	(101,183)	(101,183)
Partnership and asset management fees	0	0	0	0	(23,082)	(23,082)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>6,834</b>	<b>272</b>	<b>79</b>	<b>7,185</b>	<b>(122,778)</b>	<b>(115,593)</b>
<b>Income (Loss) before contribution</b>	<b>(113,500)</b>	<b>(9,267)</b>	<b>(7,625)</b>	<b>(130,392)</b>	<b>(260,503)</b>	<b>(390,895)</b>
<b>Capital Contribution</b>	<b>95,600</b>	<b>0</b>	<b>0</b>	<b>95,600</b>	<b>0</b>	<b>95,600</b>
<b>Change in net position</b>	<b>(17,900)</b>	<b>(9,267)</b>	<b>(7,625)</b>	<b>(34,792)</b>	<b>(260,503)</b>	<b>(295,295)</b>
<b>Total net position - beginning unadjusted</b>	<b>3,512,835</b>	<b>62,967</b>	<b>404,777</b>	<b>3,980,579</b>	<b>3,284,637</b>	<b>7,265,216</b>
<b>Prior period adjustment</b>	<b>23,193</b>	<b>171,094</b>	<b>(194,287)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total net position - beginning adjusted</b>	<b>3,536,028</b>	<b>234,061</b>	<b>210,490</b>	<b>3,980,579</b>	<b>3,284,637</b>	<b>7,265,216</b>
<b>Total net position - ending adjusted</b>	<b>\$ 3,518,128</b>	<b>224,794</b>	<b>202,865</b>	<b>3,945,787</b>	<b>3,024,134</b>	<b>\$ 6,969,921</b>

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

**HOUSING AUTHORITY OF SULPHUR, LOUISIANA**  
**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2019**

	General	Housing Choice Voucher	Moderate Rehab	Total Primary Government	Component Unit	Total
<b>CASH FLOWS FROM</b>						
<b>OPERATING ACTIVITIES</b>						
Rental receipts	\$ 485,606	\$ 0	\$ (4,978)	\$ 480,628	\$ 345,514	\$ 826,142
Other receipts	210,828	8,468	7,337	226,633	(1,621)	225,012
Insurance proceeds	15,701	0	0	15,701	0	15,701
Federal grants	628,489	429,437	480,843	1,538,769	0	1,538,769
Payments to vendors	(691,390)	(21,733)	(24,106)	(737,229)	(222,740)	(959,969)
Payments to employees – net	(499,254)	(33,215)	(50,926)	(583,395)	(67,735)	(651,130)
Payments to private landlords	0	(385,448)	(484,631)	(870,079)	0	(870,079)
Net cash provided (used) by operating activities	149,980	(2,491)	(76,461)	71,028	53,418	124,446
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Interest Paid	0	0	0	0	(96,437)	(96,437)
Purchase of assets	(458,345)	0	0	(458,345)	0	(458,345)
Repayment of Debt	0	0	0	0	(4,384)	(4,384)
Federal Capital Grants	95,600	0	0	95,600	23,082	118,682
Net cash provided (used) by capital and related financing activities	(362,745)	0	0	(362,745)	(77,739)	(440,484)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income	6,484	272	79	6,835	1,487	8,322
Purchase of investments	(6,095)	0	0	(6,095)	0	(6,095)
Net cash provided (used) by investing activities	389	272	79	740	1,487	2,227
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(212,376)	(2,219)	(76,382)	(290,977)	(22,834)	(313,811)
<b>CASH AND CASH EQUIVALENTS</b>						
Beginning of Fiscal Year	915,012	231,418	191,998	1,338,428	296,477	1,634,905
<b>CASH AND CASH EQUIVALENTS</b>						
End of Fiscal Year	\$ 702,636	229,199	115,616	1,047,451	\$ 273,643	1,321,094

Continued



HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

	General	Housing Choice Voucher	Moderate Rehab	Total Primary Government	Component Unit	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (120,334)	\$ (9,539)	\$ (7,704)	\$ (137,577)	\$ (160,807)	\$ (298,384)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation Expense	311,686	0	10,331	322,017	211,054	533,071
Provision of uncollectable accounts	6,967	5,088	0	12,055	0	12,055
Change in assets and liabilities:						
Receivables	4,318	3,112	(76,539)	(69,109)	3,481	(65,628)
Prepaid items	(31,994)	(2,030)	94	(33,930)	1,311	(32,619)
Inventories	1,950	0	0	1,950	0	1,950
Other assets	0	0	0	0	(4,852)	(4,852)
Accounts payable	(20,456)	878	(2,643)	(22,221)	0	(22,221)
Security Deposits	(2,157)	0	0	(2,157)	(19,851)	(22,008)
Other liabilities	0	0	0	0	23,082	23,082
Net cash provided (used) by operations	\$ 149,980	\$ (2,491)	\$ (76,461)	\$ 71,028	\$ 53,418	\$ 124,446

Concluded

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

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

The Housing Authority has the following units:

PHA Owned Housing	FW 1132	202 Voucher
Section 8		
Housing Choice Vouchers	FW- 2228	108 units
Moderate Rehab	FW- 2074	82 units

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 City of Sulphur since the City of Sulphur appoints a voting majority of the Housing Authority's governing board. The City of Sulphur 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, the City of Sulphur. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Sulphur.

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 SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

- 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.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

Frenchman's Creek Limited Partnership involves the operation of 40 family Low Income Housing Tax Credit units located in Sulphur, Louisiana, and is a legally separate entity. The managing general partner of Frenchman's Creek Limited Partnership is the FCD GP, LLC, of which FCD Corporation, a Louisiana non-profit corporation, is the only member of the limited liability company. The Board of Directors of FCD Corporation consists entirely of the Board of Commissioners of the Housing Authority, which provides the Housing Authority with a voting majority of the governing body of Frenchman's Creek Limited Partnership. In addition, there is the potential for Frenchman's Creek Limited Partnership to impose financial burden on the Housing Authority.

The governing body of the Housing Authority is not considered to have complete control over Frenchman's Creek Limited Partnership. As a result, the Frenchman's Creek Limited Partnership is included in the Housing Authority's financial statements through discrete presentation. The financial position, changes in net position and cash flows of Frenchman's Creek Limited Partnership are presented as of and for the year ended December 31, 2019. Separate audited statements of Frenchman's Creek Limited Partnership were issued for the year ended December 31, 2019 and are available from the Housing Authority's main office, 312 Brook Street, Sulphur, LA 70663.

**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. The housing choice voucher fund accounts for the Section 8 Housing Choice Voucher program. The moderate rehab fund accounts for the Moderate Rehab program.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

**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.

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 and the housing assistance payments to landlords. 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 \$1,321,094. This is comprised of cash and cash equivalents of \$988,364 and restricted assets – cash of \$332,730 on the statement of net position.

**E. INVESTMENTS** Investments are limited to L.S.-R.S. 33:2955 and the Housing Authority investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

**Definitions:**

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

**F. REVENUE RECOGNITION** Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual – that is, when they become *measurable* and *available* to the finance expenditures of the fiscal period. “Available” is determined as collectible within the 12 months of the fiscal year or soon enough thereafter to be used in pay liabilities of the current period.

**G. 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.

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

**I. CAPITAL ASSETS** Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$2,500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life 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	15 years
Buildings	33 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years
Auto and trucks	5 years

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

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

**L. POST EMPLOYMENT BENEFITS** The Authority does not recognize or pay any post employment benefits. Accordingly, Governmental Accounting Standards Board (GASB) Statement Number 45 does not apply.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

**M. NET POSITION AND FLOW ASSUMPTIONS** Net position is reported as restricted when constraints 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.

Sometime the Authority may fund outlays from both restricted and unrestricted resources. In the event that should occur, the Authority must make a flow assumption about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

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

**NOTE 2 – DEPOSITS AND INVESTMENTS** 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 December 31, 2019. 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.

Restricted Cash: \$83,402 is restricted in the General Fund for security deposits. \$1,079 is restricted in the Housing Choice Voucher fund for HAP Equity.



HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

At December 31, 2019, the Housing Authority's carrying amount of deposits was \$1,487,727 and the bank balance was \$1,512,470, which includes \$440,501 in certificates of deposits classified as investments. Petty cash consists of \$225. \$1,351,910 of the bank balance was covered by FDIC Insurance. The remaining bank balance of \$160,560 was covered by pledged securities. However, this \$160,560 was exposed to custodial credit risk, as defined by GASBS No. 40, para. 8, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Investments during the year were solely in time deposits at banks.

<u>Restricted Cash-Component Unit</u>		
Replacement reserve escrow	\$	85,794
Operating deficit reserve		128,509
Tenant security deposits		12,200
Real estate tax and insurance		21,746
		<hr/>
Balance ending	\$	248,249
		<hr/>

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at December 31, 2019, are as follows:

	General	Housing Choice Voucher	Moderate Rehab	Total
<u>Class of Receivables</u>				
Local sources:				
Tenants	\$ 3,201	\$ 0	\$ 0	\$ 3,201
HUD	0	0	87,052	87,052
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 3,201	\$ 0	\$ 87,052	\$ 90,253
	<hr/>	<hr/>	<hr/>	<hr/>

The tenants account receivable is net of an allowance for doubtful accounts of \$10,438.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

	Beginning Balance		Additions		Deletions		Ending Balance
	<u>          </u>		<u>          </u>		<u>          </u>		<u>          </u>
Non-depreciable assets							
Land and buildings	\$ 99,900	\$	0	\$	0	\$	99,900
Construction in progress	81,427		0		81,427		0
Depreciable assets:							
Buildings	12,393,006		533,772		0		12,926,778
Furniture and equipment	271,030		6,000		53,535		223,495
	<u>12,845,363</u>		<u>539,772</u>		<u>134,962</u>		<u>13,250,173</u>
Less: accumulated depreciation							
Buildings	10,293,876		299,492		0		10,593,368
Furniture and equipment	239,182		12,195		53,535		197,842
	<u>10,533,058</u>		<u>311,687</u>		<u>53,535</u>		<u>10,791,210</u>
Total capital assets, net	\$ 2,312,305	\$	228,085	\$	81,427	\$	2,458,963
	<u><u>          </u></u>		<u><u>          </u></u>		<u><u>          </u></u>		<u><u>          </u></u>

Component unit capital assets of \$4,990,539 consisted of buildings, improvements, and equipment, net (\$4,192,464) and land (\$798,075).

**NOTE 5 – ACCOUNTS PAYABLE** The payables at December 31, 2019 are as follows:

	General		Housing Choice Voucher		Moderate Rehab		Total
	<u>          </u>		<u>          </u>		<u>          </u>		<u>          </u>
Vendors	\$ 4,259	\$	281	\$	0	\$	4,540
Payroll taxes payable	2,995		0		0		2,995
Federal sources:							
Grants	0		846		0		846
	<u>          </u>		<u>          </u>		<u>          </u>		<u>          </u>
Total	\$ 7,254	\$	1,127	\$	0	\$	8,381
	<u><u>          </u></u>		<u><u>          </u></u>		<u><u>          </u></u>		<u><u>          </u></u>

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

**NOTE 6 – COMPENSATED ABSENCES** At December 31, 2019, employees of the Housing Authority have accumulated and vested \$82,823 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 December 31, 2019, consisting of employee leave.

	General	Housing Choice Voucher	Moderate Rehab	Total
Balance, beginning	\$ 74,242	\$ 4,679	\$ 0	\$ 78,921
Additions- Net	3,166	736	0	3,902
Balance, ending	77,408	5,415	0	82,823
Amounts due in one year	\$ 12,157	\$ 722	\$ 0	\$ 12,879

Discretely Presented Component Units

	Mortgage Payable	Notes Payable	Fees Payable	Interest Payable	Total
Balance, beginning	\$ 1,101,586	\$ 599,320	\$ 419,509	\$ 155,798	\$ 2,276,213
Additions	0	0	23,082	17,912	40,994
Deletions	23,952	0	0	0	23,952
Balance, ending	\$ 1,077,634	\$ 599,320	\$ 442,591	\$ 173,710	\$ 2,293,255

**NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES** At December 31, 2019, the Housing Choice Voucher Fund owes the General Fund \$6,039. The Moderate Rehab program owes \$49,921 to the General Fund. For financial statement purposes, these amounts are deducted from HCV and Mod Rehab cash and added to General Fund cash.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

**NOTE 9 – RETIREMENT SYSTEM** The Housing Authority participates in the Housing Agency Retirement Trust, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All regular full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. For all employees hired on or after July 16, 2014, participation in the plan is mandatory (a condition of employment) for any full-time employee who meets the age and service requirements. The Board of Commissioners of the Authority determines plan provisions and changes to plan contributions.

Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

Under the plan, the Authority contributes 8.5% of the employee's basic (excludes overtime) monthly salary to the plan with the provision that the employee is required to contribute a minimum 6.5%. Participating employees shall vest in the Authority's contributions at the rate of 20% for each full year of continuous employment with the Authority. Notwithstanding the above, any participant shall be fully vested in the Authority's contributions if, while employed by the Authority, the employee either attains normal retirement age, becomes totally and permanently disabled, or dies. Normal retirement date shall be the first day of the month following or coincident with the employee's 55<sup>th</sup> birthday.

Forfeitures under the plan for each plan year, if any, will be used to pay the Authority's administrative expenses under the plan. Any balance remaining after payment of expenses will either be returned to the Authority for purposes determined by the Authority and consistent with HUD Notice PIH 2005-03, or credited to the Authority's account under the plan and used to offset required Authority contributions for the following plan year, as directed by the Authority. There was no amount of forfeitures reflected in pension expense for the year ended December 31, 2019.

The Housing Authority made the required contributions of \$45,248 for the year ended December 31, 2019, of which \$25,641 was paid by the Housing Authority and \$19,607 was paid by employees. No payments were made out of the forfeiture account.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

**Commitments** The Authority renewed an Employment Agreement with the Executive Director, effective January 1, 2016, which replaced an agreement with similar provisions. The Agreement is for five years, and the Board will vote on an additional five year term at least ninety days in advance of the end of the current five year term. The Executive Director may terminate the Agreement at any time, provided she gives at least sixty days written notice to the Board prior to her resignation.

The Agreement may be terminated by the Board at any time, provided thirty days written notice is given and due process is followed. If the Executive Director is terminated without cause, the Authority is obligated to pay a lump sum equal to the salary and benefits she would have received for the remainder of the five year term. If the Executive Director leaves for any reason, the Authority is obligated to pay all unused but earned annual leave, in accordance with the Employment Agreement.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

**Litigation** The Housing Authority is not presently involved in litigation.

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

**Construction Projects** There are certain renovation or construction projects in progress at December 31, 2019. 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.

**NOTE 11 – ECONOMIC DEPENDENCE** The Department of Housing and Urban Development provided \$1,689,556 to the Housing Authority, which represents approximately 60% of the Housing Authority's total revenue and capital contributions for the year.

**NOTE 12 – PRIOR PERIOD ADJUSTMENTS** After a detailed review of the allocation of expenses over the last few years, beginning equity balances were adjusted between the funds.

**NOTE 13 - SUBSEQUENT EVENTS** Management has evaluated events and transactions subsequent to the statement of net position date through, September 14, 2020, of the independent auditor's report for potential recognition or disclosure in the financial statements. Due to the COVID-19 crisis, Management has revised its method of interaction with the residents and applicants, to limit the spread of the virus.



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and the  
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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 Sulphur  
Sulphur, 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 each major fund of the Housing Authority of the City of Sulphur, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Sulphur, Louisiana's basic financial statements, and have issued our report thereon dated September 14, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Sulphur, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Sulphur, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Sulphur, 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. 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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Sulphur, 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 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*.

### ***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  
September 14, 2020





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Report on Compliance For Each Major Federal Program; Report on Internal  
Control Over Compliance; and Report on the Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Housing Authority of Sulphur  
Sulphur, Louisiana

***Report on Compliance for Each Major Federal Program***

We have audited the Housing Authority of the City of Sulphur, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Sulphur, Louisiana's major federal programs for the year ended December 31, 2019. The Housing Authority of the City of Sulphur, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Sulphur, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Sulphur, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Sulphur, Louisiana's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Housing Authority of the City of Sulphur, Louisiana complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

### ***Report on Internal Control Over Compliance***

Management of the Housing Authority of the City of Sulphur, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Sulphur, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Sulphur, Louisiana's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of Housing Authority of the City of Sulphur, Louisiana as of and for the year ended December 31, 2019, and have issued our report thereon dated September 14, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Mike Estes, P.C.*

Mike Estes, P.C.  
Fort Worth, Texas  
September 14, 2020

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
<hr/>		
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 552,907
Capital Fund Program	14.872	160,577
Housing Choice Voucher	14.871	423,788
Section 8 Moderate Rehabilitation	14.856	552,284
		<hr/>
Total United States Department of Housing and Urban Development		\$ 1,689,556
		<hr/>
Total Expenditures of Federal Awards		\$ 1,689,556
		<hr/> <hr/>

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2019

**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 the City of Sulphur, Louisiana (the “Housing Authority”) under programs of the federal government for the year ended December 31, 2019. 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:

	<u>Federal Sources</u>
Enterprise Funds	
Governmental operating grants	\$ 1,593,956
Capital contributions	95,600
	<u>                    </u>
Total	<u>\$ 1,689,556</u>

**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.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2019

**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

**Audit of Federal Awards**

1. Internal Control Over Major Programs:
  - a. Material weakness(es) identified? \_\_\_\_\_ yes ✓ no
  - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes ✓ none reported
2. Type of Auditor's Report Issued on Compliance For Major Programs – Unmodified.
3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200)? \_\_\_\_\_ yes ✓ no
4. The programs tested as major programs include:

CFDA# 14.850	Public and Indian Housing – Low Rent Program
CFDA# 14.871	Housing Choice Voucher Program
5. Dollar threshold used to distinguish between Type A and Type B Programs as described in the Uniform Guidance (2 CFR 200): \$ 750,000
6. Auditee qualified as low-risk auditee under Uniform Guidance (2 CFR 200)? \_\_\_\_\_ yes ✓ no
7. Nonstatistical sampling was used. To determine sample sizes, the AICPA Audit Guide *Audit Sampling* was used.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2019

**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:**

None

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2019

**Section III – Findings and questioned costs for federal awards which are required to be reported  
under OMB Circular No. A-133 Section .510 (a):**

None



HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
CORRECTIVE ACTION PLAN

YEAR ENDED DECEMBER 31, 2019

There were no audit findings.

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2019

**The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:**

General Fund-Low Rent Program-CDFA #14.850

Finding 2018-001-Unaudited Financial Statements Materially Misstated and Inadequate Review of Unaudited Financial Statements- Reporting

Condition

A material audit adjustment was necessary to correct the audited financial statements. According to Statement on Auditing Standard #115, “inadequate design of controls over a significant account or process” may be a significant deficiency or a material weakness. Both a significant deficiency and a material weakness are defined by the Standard. In this instance, the need for a material audit adjustment is deemed a material weakness.

Inadequate design of controls over the preparation of the financial statements is an example given in operation of the Standard.

Recommendation

Management should obtain assurance, preferably in writing, from the CEO of the accounting firm that the latter is taking steps to improve their quality control. Management should evaluate these plans and determine whether they are adequate.

Current Status

This finding is not repeated in the current audit.

## SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS  
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED DECEMBER 31, 2019

	2017 Capital Fund
Funds approved	\$ 258,074
Funds expended	258,074
Excess of funds approved	\$ 0
Funds advanced	\$ 258,074
Funds expended	258,074
Excess (Deficiency) of funds advanced	\$ 0

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statement of Modernization Costs dated August 20, 2019 accompanying the Actual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

See accountant's report

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED DECEMBER 31, 2019

CASH BASIS

	2018 Capital Fund	2019 Capital Fund
	<u>                    </u>	<u>                    </u>
Funds approved	\$ 400,320	\$ 386,263
Funds expended	8,760	0
	<u>                    </u>	<u>                    </u>
Excess of funds approved	\$ 391,560	\$ 386,263
	<u>                    </u>	<u>                    </u>
Funds advanced	\$ 8,760	\$ 0
Funds expended	8,760	0
	<u>                    </u>	<u>                    </u>
Excess (Deficiency) of funds advanced	\$ 0	\$ 0
	<u>                    </u>	<u>                    </u>

See accountant's report

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

YEAR ENDED DECEMBER 31, 2019

**Agency Head Name:** Vena Bertrand, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 79,264
Benefits-insurance	11,528
Benefits-retirement	6,616
Benefits-Life	432
Car allowance	8,900
Vehicle provided by government	
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
Total	\$ 106,740

See accountant's report



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## **AGREED UPON PROCEDURES REPORT**

### **Independent Accountant's Report On Applying Agreed-Upon Procedures**

To the Board of Directors of the Sulphur Housing Authority and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Sulphur Housing Authority and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Sulphur Housing Authority's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

#### ***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

#### Results of Testing:

The Authority adopted prior to the audit year all of the above policies, except Debt Service, which is not applicable. During the audit year, the Authority obtained satisfactory responses regarding to (k) above from both its fee accountant and its software provider.

#### Board or Finance Committee

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal



period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results of Testing:

- a. The board met with a quorum on a regular basis in accordance with its bylaws.
- b. The minutes reflect that the board reviewed the year-to-date budgeted to income and expenses to the actual amounts.
- c. The unassigned fund balance at the end of the prior year was a positive amount.

***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of Testing:

As noted in the Year 3 instructions, if this category had no Year 2 exceptions in Year 2, Year 3 tests may be omitted. Since there were no Year 2 exceptions, these tests are omitted.

***Collections (excluding EFTs)***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results of Testing:

All employees who have access to cash are covered by a bond for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

### Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

### ***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

### Results of Testing

Since there were no Year 2 exceptions in this category, these tests are omitted.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.)]

### Results of Testing:

Since there were no Year 2 exceptions in this area, these tests are omitted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

### Results of Testing:

Since there were no exceptions in this category, these tests are omitted.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

### Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

### Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid

expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

### ***Contracts***

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- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

#### Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

### ***Payroll and Personnel***

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- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

### Results of Testing:

Since there were no exceptions in this category in Year 2, these tests are omitted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

### Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

### Results of Testing:

Management asserts that there were no termination payments during the audit year. We did not note any during our audit tests.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### Results of Testing:

Since there were no Year 2 exceptions noted in this category, these tests are omitted.

### Ethics

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results of Testing:

- a. Management had documentation that each tested employee/official completed one hour of ethics training during the fiscal period.
- b. Management had documentation that each employee and board member attested in writing that they read the ethics policy during the fiscal period.

***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Results of Testing:

Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results of Testing:

Not applicable.

***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results of Testing:

Management asserts that they are not aware of any misappropriations of public funds or assets during the fiscal period. We noted no misappropriations during our audit.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of Testing:

The notice is properly posted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Mike Estes, P.C.*

Mike Estes, P.C.  
Fort Worth, Texas  
September 14, 2020



**HOUSING AUTHORITY OF SULPHUR, LOUISIANA**  
**FINANCIAL DATA SCHEDULES**

**YEAR ENDED DECEMBER 31, 2019**

<b>Entity Wide Balance Sheet Summary</b>							
	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$619,234	\$228,120	\$25,394	\$115,616	\$988,364		\$988,364
112 Cash - Restricted - Modernization and Development				\$0			
113 Cash - Other Restricted		\$1,079	\$236,049	\$0	\$237,128		\$237,128
114 Cash - Tenant Security Deposits	\$83,402		\$12,200	\$0	\$95,602		\$95,602
115 Cash - Restricted for Payment of Current Liabilities				\$0			
100 Total Cash	\$702,636	\$229,199	\$273,643	\$115,616	\$1,321,094	\$0	\$1,321,094
121 Accounts Receivable - PHA Projects				\$0			
122 Accounts Receivable - HUD Other Projects	\$0			\$87,052	\$87,052		\$87,052
124 Accounts Receivable - Other Government	\$27			\$0	\$27		\$27
125 Accounts Receivable - Miscellaneous		\$0		\$0	\$0		\$0
126 Accounts Receivable - Tenants	\$13,612		\$714	\$0	\$14,326		\$14,326
126.1 Allowance for Doubtful Accounts - Tenants	-\$10,438		\$0	\$0	-\$10,438		-\$10,438
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current				\$0			
128 Fraud Recovery		\$5,088		\$10,331	\$15,419		\$15,419
128.1 Allowance for Doubtful Accounts - Fraud		-\$5,088		-\$10,331	-\$15,419		-\$15,419
129 Accrued Interest Receivable	\$1,605			\$0	\$1,605		\$1,605
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,806	\$0	\$714	\$87,052	\$92,572	\$0	\$92,572
131 Investments - Unrestricted	\$440,501			\$0	\$440,501		\$440,501
132 Investments - Restricted				\$0			
135 Investments - Restricted for Payment of Current Liability				\$0			
142 Prepaid Expenses and Other Assets	\$54,468	\$2,137	\$6,570	\$197	\$63,372		\$63,372
143 Inventories	\$2,067			\$0	\$2,067		\$2,067
143.1 Allowance for Obsolete Inventories	-\$103			\$0	-\$103		-\$103
144 Inter Program Due From	\$0			\$0	\$0		\$0
145 Assets Held for Sale				\$0			
150 Total Current Assets	\$1,204,375	\$231,336	\$280,927	\$202,865	\$1,919,503	\$0	\$1,919,503
161 Land	\$99,900		\$542,316	\$0	\$642,216		\$642,216
162 Buildings	\$11,300,528		\$6,119,545	\$0	\$17,420,073		\$17,420,073
163 Furniture, Equipment & Machinery - Dwellings	\$33,896		\$181,612	\$0	\$215,508		\$215,508
164 Furniture, Equipment & Machinery - Administration	\$187,782	\$1,485		\$332	\$189,599		\$189,599
165 Leasehold Improvements	\$1,626,250		\$255,759	\$0	\$1,882,009		\$1,882,009
166 Accumulated Depreciation	-\$10,789,393	-\$1,485	-\$2,108,694	-\$332	-\$12,899,904		-\$12,899,904
167 Construction in Progress				\$0			
168 Infrastructure				\$0			
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,458,963	\$0	\$4,990,538	\$0	\$7,449,501	\$0	\$7,449,501
171 Notes, Loans and Mortgages Receivable - Non-Current				\$0			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				\$0			
173 Grants Receivable - Non Current				\$0			
174 Other Assets			\$88,455	\$0	\$88,455		\$88,455
176 Investments in Joint Ventures				\$0			
180 Total Non-Current Assets	\$2,458,963	\$0	\$5,078,993	\$0	\$7,537,956	\$0	\$7,537,956
200 Deferred Outflow of Resources				\$0			
290 Total Assets and Deferred Outflow of Resources	\$3,663,338	\$231,336	\$5,359,920	\$202,865	\$9,457,459	\$0	\$9,457,459

**HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
FINANCIAL DATA SCHEDULES**

**YEAR ENDED DECEMBER 31, 2019**

<b>Entity Wide Balance Sheet Summary</b>							
	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
311 Bank Overdraft				\$0			
312 Accounts Payable <= 90 Days	\$4,259	\$281		\$0	\$4,540		\$4,540
313 Accounts Payable >90 Days Past Due				\$0			
321 Accrued Wage/Payroll Taxes Payable	\$2,969			\$0	\$2,969		\$2,969
322 Accrued Compensated Absences - Current Portion	\$12,157	\$722		\$0	\$12,879		\$12,879
324 Accrued Contingency Liability				\$0			
325 Accrued Interest Payable			\$5,098	\$0	\$5,098		\$5,098
331 Accounts Payable - HUD PHA Programs		\$846		\$0	\$846		\$846
332 Account Payable - PHA Projects				\$0			
333 Accounts Payable - Other Government				\$0			
341 Tenant Security Deposits	\$59,708		\$12,201	\$0	\$71,909		\$71,909
342 Unearned Revenue	\$840		\$108	\$0	\$948		\$948
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$25,124	\$0	\$25,124		\$25,124
344 Current Portion of Long-term Debt - Operating Borrowings				\$0			
345 Other Current Liabilities				\$0			
346 Accrued Liabilities - Other	\$26			\$0	\$26		\$26
347 Inter Program - Due To				\$0			
348 Loan Liability - Current				\$0			
310 Total Current Liabilities	\$79,959	\$1,849	\$42,531	\$0	\$124,339	\$0	\$124,339
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$1,850,664	\$0	\$1,850,664		\$1,850,664
352 Long-term Debt, Net of Current - Operating Borrowings				\$0			
353 Non-current Liabilities - Other			\$442,591	\$0	\$442,591		\$442,591
354 Accrued Compensated Absences - Non Current	\$65,251	\$4,693		\$0	\$69,944		\$69,944
355 Loan Liability - Non Current				\$0			
356 FASB 5 Liabilities				\$0			
357 Accrued Pension and OPEB Liabilities				\$0			
350 Total Non-Current Liabilities	\$65,251	\$4,693	\$2,293,255	\$0	\$2,363,199	\$0	\$2,363,199
300 Total Liabilities	\$145,210	\$6,542	\$2,335,786	\$0	\$2,487,538	\$0	\$2,487,538
400 Deferred Inflow of Resources				\$0			
508.4 Net Investment in Capital Assets	\$2,458,963		\$2,672,159	\$0	\$5,131,122		\$5,131,122
511.4 Restricted Net Position		\$1,079	\$236,049	\$0	\$237,128		\$237,128
512.4 Unrestricted Net Position	\$1,059,165	\$223,715	\$115,926	\$202,865	\$1,601,671		\$1,601,671
513 Total Equity - Net Assets / Position	\$3,518,128	\$224,794	\$3,024,134	\$202,865	\$6,969,921	\$0	\$6,969,921
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,663,338	\$231,336	\$5,359,920	\$202,865	\$9,457,459	\$0	\$9,457,459

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2019

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$522,346		\$522,346
70400 Tenant Revenue - Other	\$135,612		\$135,612
70500 Total Tenant Revenue	\$657,958	\$0	\$657,958
70600 HUD PHA Operating Grants	\$552,907	\$64,977	\$617,884
70610 Capital Grants		\$95,600	\$95,600
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$6,834		\$6,834
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$93,074		\$93,074
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$1,310,773	\$160,577	\$1,471,350
91100 Administrative Salaries	\$144,161		\$144,161
91200 Auditing Fees	\$14,746		\$14,746
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$315		\$315
91500 Employee Benefit contributions - Administrative	\$100,405		\$100,405
91600 Office Expenses	\$55,779		\$55,779
91700 Legal Expense	\$2,868		\$2,868
91800 Travel	\$8,948		\$8,948
91810 Allocated Overhead			
91900 Other	\$11,131		\$11,131
91000 Total Operating - Administrative	\$338,353	\$0	\$338,353
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$450		\$450
92500 Total Tenant Services	\$450	\$0	\$450
93100 Water	\$40,725		\$40,725
93200 Electricity	\$18,792		\$18,792
93300 Gas	\$637		\$637
93400 Fuel			
93500 Labor			
93600 Sewer	\$46,004		\$46,004

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2019

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$106,158	\$0	\$106,158
94100 Ordinary Maintenance and Operations - Labor	\$178,227		\$178,227
94200 Ordinary Maintenance and Operations - Materials and Other	\$107,602		\$107,602
94300 Ordinary Maintenance and Operations Contracts	\$164,860		\$164,860
94500 Employee Benefit Contributions - Ordinary Maintenance	\$71,456		\$71,456
94000 Total Maintenance	\$522,145	\$0	\$522,145
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs	\$11,680		\$11,680
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$11,680	\$0	\$11,680
96110 Property Insurance	\$65,912		\$65,912
96120 Liability Insurance	\$16,948		\$16,948
96130 Workmen's Compensation	\$18,882		\$18,882
96140 All Other Insurance	\$7,570		\$7,570
96100 Total insurance Premiums	\$109,312	\$0	\$109,312
96200 Other General Expenses			
96210 Compensated Absences	\$10,063		\$10,063
96300 Payments in Lieu of Taxes	\$41,885		\$41,885
96400 Bad debt - Tenant Rents	\$37,518		\$37,518
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$89,466	\$0	\$89,466
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,177,564	\$0	\$1,177,564
97000 Excess of Operating Revenue over Operating Expenses	\$133,209	\$160,577	\$293,786
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$311,686		\$311,686
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$1,489,250	\$0	\$1,489,250

HOUSING AUTHORITY OF SULPHUR, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2019

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
10010 Operating Transfer In	\$64,977		\$64,977
10020 Operating transfer Out		-\$64,977	-\$64,977
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$64,977	-\$64,977	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$113,500	\$95,600	-\$17,900
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$3,512,835	\$0	\$3,512,835
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$221,461	-\$198,268	\$23,193
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	2307		2307
11210 Number of Unit Months Leased	2296		2296
11270 Excess Cash	\$969,854		\$969,854
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$95,600	\$95,600
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

**HOUSING AUTHORITY OF SULPHUR, LOUISIANA**  
**FINANCIAL DATA SCHEDULES**

**YEAR ENDED DECEMBER 31, 2019**

<b>Entity Wide Revenue and Expense Summary</b>							
	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$522,346		\$330,319	\$0	\$852,665		\$852,665
70400 Tenant Revenue - Other	\$135,612		\$17,426	\$0	\$153,038		\$153,038
70500 Total Tenant Revenue	\$657,958	\$0	\$347,745	\$0	\$1,005,703	\$0	\$1,005,703
70600 HUD PHA Operating Grants	\$617,884	\$423,788		\$552,284	\$1,593,956		\$1,593,956
70610 Capital Grants	\$95,600			\$0	\$95,600		\$95,600
70710 Management Fee				\$0			
70720 Asset Management Fee				\$0			
70730 Book Keeping Fee				\$0			
70740 Front Line Service Fee				\$0			
70750 Other Fees				\$0			
70700 Total Fee Revenue				\$0	\$0	\$0	\$0
70800 Other Government Grants				\$0			
71100 Investment Income - Unrestricted	\$6,834	\$272	\$1,487	\$79	\$8,672		\$8,672
71200 Mortgage Interest Income				\$0			
71300 Proceeds from Disposition of Assets Held for Sale				\$0			
71310 Cost of Sale of Assets				\$0			
71400 Fraud Recovery		\$3,812		\$2,104	\$5,916		\$5,916
71500 Other Revenue	\$93,074	\$2,105		\$0	\$95,179		\$95,179
71600 Gain or Loss on Sale of Capital Assets				\$0			
72000 Investment Income - Restricted				\$0			
70000 Total Revenue	\$1,471,350	\$429,977	\$349,232	\$554,467	\$2,805,026	\$0	\$2,805,026
91100 Administrative Salaries	\$144,161	\$19,222	\$36,434	\$28,832	\$228,649		\$228,649
91200 Auditing Fees	\$14,746	\$3,160		\$3,160	\$21,066		\$21,066
91300 Management Fee				\$0			
91310 Book-keeping Fee				\$0			
91400 Advertising and Marketing	\$315	\$132	\$757	\$0	\$1,204		\$1,204
91500 Employee Benefit contributions - Administrative	\$100,405	\$13,387		\$20,081	\$133,873		\$133,873
91600 Office Expenses	\$55,779	\$7,437	\$39,128	\$11,156	\$113,500		\$113,500
91700 Legal Expense	\$2,868		\$277	\$0	\$3,145		\$3,145
91800 Travel	\$8,948	\$1,193		\$1,789	\$11,930		\$11,930
91810 Allocated Overhead				\$0			
91900 Other	\$11,131	\$1,484		\$2,226	\$14,841		\$14,841
91000 Total Operating - Administrative	\$338,353	\$46,015	\$76,596	\$67,244	\$528,208	\$0	\$528,208
92000 Asset Management Fee				\$0			
92100 Tenant Services - Salaries				\$0			
92200 Relocation Costs				\$0			
92300 Employee Benefit Contributions - Tenant Services				\$0			
92400 Tenant Services - Other	\$450			\$0	\$450		\$450
92500 Total Tenant Services	\$450	\$0	\$0	\$0	\$450	\$0	\$450
93100 Water	\$40,725		\$1,489	\$0	\$42,214		\$42,214
93200 Electricity	\$18,792		\$7,051	\$0	\$25,843		\$25,843
93300 Gas	\$637			\$0	\$637		\$637
93400 Fuel				\$0			
93500 Labor				\$0			
93600 Sewer	\$46,004		\$1,462	\$0	\$47,466		\$47,466

**HOUSING AUTHORITY OF SULPHUR, LOUISIANA**  
**FINANCIAL DATA SCHEDULES**

**YEAR ENDED DECEMBER 31, 2019**

<b>Entity Wide Revenue and Expense Summary</b>							
	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities				\$0			
93800 Other Utilities Expense				\$0			
93000 Total Utilities	\$106,158	\$0	\$10,002	\$0	\$116,160	\$0	\$116,160
94100 Ordinary Maintenance and Operations - Labor	\$178,227		\$31,301	\$0	\$209,528		\$209,528
94200 Ordinary Maintenance and Operations - Materials and Other	\$107,602		\$11,261	\$0	\$118,863		\$118,863
94300 Ordinary Maintenance and Operations Contracts	\$164,880		\$109,961	\$0	\$274,821		\$274,821
94500 Employee Benefit Contributions - Ordinary Maintenance	\$71,456			\$0	\$71,456		\$71,456
94000 Total Maintenance	\$522,145	\$0	\$152,523	\$0	\$674,668	\$0	\$674,668
95100 Protective Services - Labor				\$0			
95200 Protective Services - Other Contract Costs	\$11,680			\$0	\$11,680		\$11,680
95300 Protective Services - Other				\$0			
95500 Employee Benefit Contributions - Protective Services				\$0			
95000 Total Protective Services	\$11,680	\$0	\$0	\$0	\$11,680	\$0	\$11,680
96110 Property Insurance	\$65,912		\$27,690	\$0	\$93,602		\$93,602
96120 Liability Insurance	\$16,948			\$0	\$16,948		\$16,948
96130 Workmen's Compensation	\$18,882	\$1,842	\$1,893	\$2,303	\$24,920		\$24,920
96140 All Other Insurance	\$7,570	\$739		\$923	\$9,232		\$9,232
96100 Total Insurance Premiums	\$109,312	\$2,581	\$29,583	\$3,226	\$144,702	\$0	\$144,702
96200 Other General Expenses		\$3,858	\$23,082	\$0	\$26,940		\$26,940
96210 Compensated Absences	\$10,063	\$1,342		\$2,013	\$13,418		\$13,418
96300 Payments in Lieu of Taxes	\$41,885			\$0	\$41,885		\$41,885
96400 Bad debt - Tenant Rents	\$37,518		\$5,712	\$4,978	\$48,208		\$48,208
96500 Bad debt - Mortgages				\$0			
96600 Bad debt - Other				\$0			
96800 Severance Expense				\$0			
96000 Total Other General Expenses	\$89,466	\$5,200	\$28,794	\$6,991	\$130,451	\$0	\$130,451
96710 Interest of Mortgage (or Bonds) Payable			\$77,245	\$0	\$77,245		\$77,245
96720 Interest on Notes Payable (Short and Long Term)			\$19,085	\$0	\$19,085		\$19,085
96730 Amortization of Bond Issue Costs			\$4,853	\$0	\$4,853		\$4,853
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$101,183	\$0	\$101,183	\$0	\$101,183
96900 Total Operating Expenses	\$1,177,564	\$53,796	\$398,681	\$77,461	\$1,707,502	\$0	\$1,707,502
97000 Excess of Operating Revenue over Operating Expenses	\$293,786	\$376,181	-\$49,449	\$477,006	\$1,097,524	\$0	\$1,097,524
97100 Extraordinary Maintenance				\$0			
97200 Casualty Losses - Non-capitalized				\$0			
97300 Housing Assistance Payments		\$383,506		\$484,631	\$868,139		\$868,139
97350 HAP Portability-In		\$1,940		\$0	\$1,940		\$1,940
97400 Depreciation Expense	\$311,686		\$211,054	\$0	\$522,740		\$522,740
97500 Fraud Losses				\$0			
97600 Capital Outlays - Governmental Funds				\$0			
97700 Debt Principal Payment - Governmental Funds				\$0			
97800 Dwelling Units Rent Expense				\$0			
90000 Total Expenses	\$1,489,250	\$439,244	\$609,735	\$562,092	\$3,100,321	\$0	\$3,100,321

**HOUSING AUTHORITY OF SULPHUR, LOUISIANA**  
**FINANCIAL DATA SCHEDULES**

**YEAR ENDED DECEMBER 31, 2019**

<b>Entity Wide Revenue and Expense Summary</b>							
	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
10010 Operating Transfer In	\$64,977			\$0	\$64,977	-\$64,977	\$0
10020 Operating transfer Out	-\$64,977			\$0	-\$64,977	\$64,977	\$0
10030 Operating Transfers from/to Primary Government				\$0			
10040 Operating Transfers from/to Component Unit				\$0			
10050 Proceeds from Notes, Loans and Bonds				\$0			
10060 Proceeds from Property Sales				\$0			
10070 Extraordinary Items, Net Gain/Loss				\$0			
10080 Special Items (Net Gain/Loss)				\$0			
10091 Inter Project Excess Cash Transfer In				\$0			
10092 Inter Project Excess Cash Transfer Out				\$0			
10093 Transfers between Program and Project - In				\$0			
10094 Transfers between Project and Program - Out				\$0			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$17,900	-\$9,267	-\$260,503	-\$7,625	-\$295,295	\$0	-\$295,295
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$3,512,835	\$62,967	\$3,284,637	\$404,777	\$7,265,216		\$7,265,216
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$23,193	\$171,094		-\$194,287	\$0		\$0
11050 Changes in Compensated Absence Balance				\$0			
11060 Changes in Contingent Liability Balance				\$0			
11070 Changes in Unrecognized Pension Transition Liability				\$0			
11080 Changes in Special Term/Severance Benefits Liability				\$0			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				\$0			
11100 Changes in Allowance for Doubtful Accounts - Other				\$0			
11170 Administrative Fee Equity		\$223,715		\$0	\$223,715		\$223,715
11180 Housing Assistance Payments Equity		\$1,079		\$0	\$1,079		\$1,079
11190 Unit Months Available	2307	839		984	4130		4130
11210 Number of Unit Months Leased	2296	837		887	4020		4020
11270 Excess Cash	\$969,854			\$0	\$969,854		\$969,854
11610 Land Purchases	\$0			\$0	\$0		\$0
11620 Building Purchases	\$95,600			\$0	\$95,600		\$95,600
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0			\$0	\$0		\$0
11660 Infrastructure Purchases	\$0			\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0			\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0			\$0	\$0		\$0