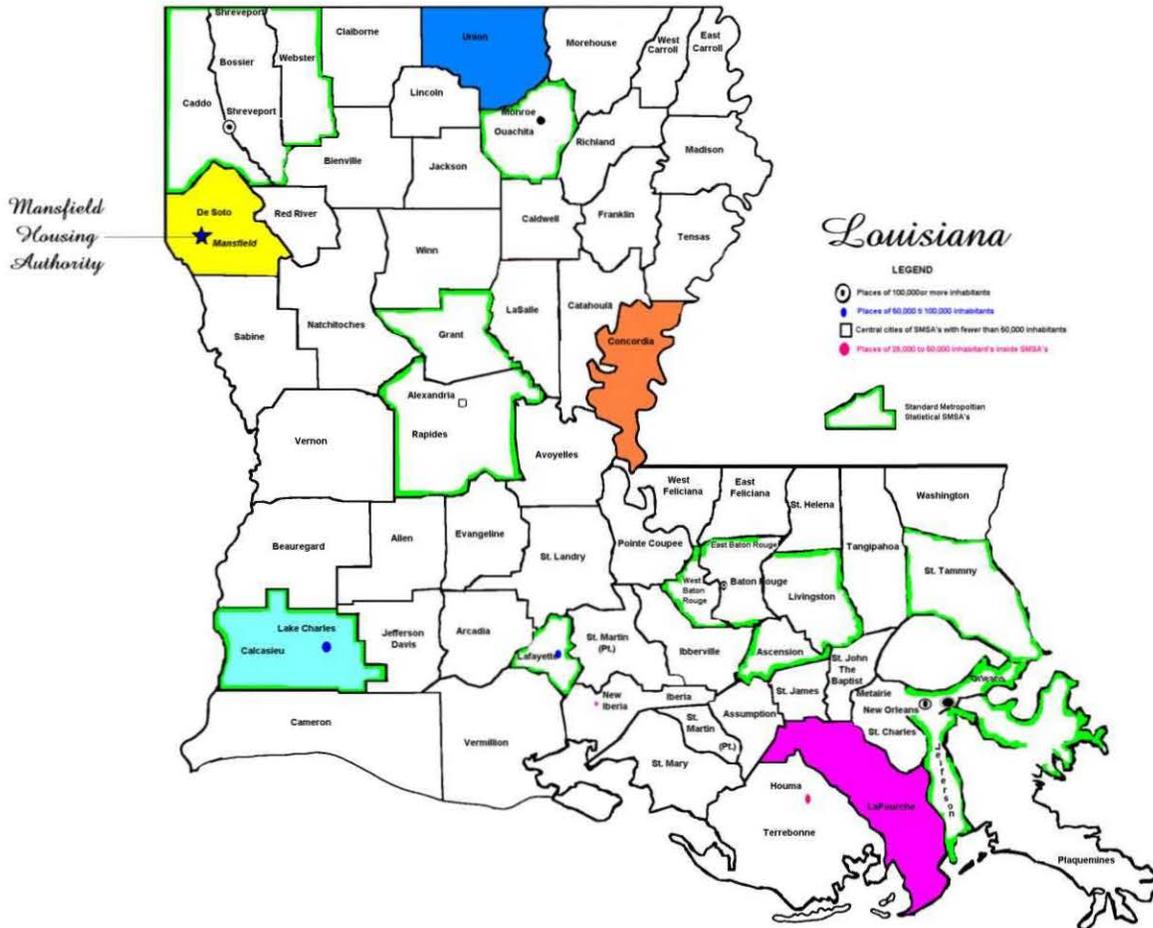


**HOUSING AUTHORITY
OF THE
TOWN OF MANSFIELD, LOUISIANA**

Annual Financial Statements

September 30, 2018

HOUSING AUTHORITY OF THE TOWN OF MANSFIELD MANSFIELD, LOUISIANA



◆ Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds. The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**Table of Contents
September 30, 2018**

	<u>Page No.</u>
Independent Auditor's Report.....	1-3
Management's Discussion and Analysis.....	4-8
<u>Basic Financial Statements</u>	
Statement of Net Position.....	10
Statement of Revenues, Expenses, & Changes in Net Position.....	11
Statement of Cash Flows.....	12
Statement of Cash Flows Reconciliation.....	13
Notes to the Basic Financial Statements.....	14-22
<u>Other Supplemental Schedules</u>	
Schedule of Compensation Paid to Board Members.....	24
Schedule of Compensation, Benefits & Other Payments to Agency Head or Chief Executive Officer.....	25
<u>Supplementary Information</u>	
Statement and Certification of Actual Modernization Cost.....	27
<u>Other Reports</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29-30
Schedule of Findings and Questioned Cost.....	31-35
Management's Corrective Action.....	36-38
Management's Summary of Prior Year Findings.....	39-40
Louisiana Statewide Agreed Upon Procedures.....	41-50
Financial Data Schedule.....	51

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

Housing Authority of the
Town of Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Town of Mansfield, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Town of Mansfield, as of September 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 generally 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 Town of Mansfield's basic financial statements. The accompanying Financial Data Schedule, required by HUD, and supplementary schedules and statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule and supplementary schedules and statements are the responsibility of management and were derived from and relate 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 Financial Data Schedule and supplementary schedules and statements 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 January 24, 2019, on our consideration of the Housing Authority of the Town of Mansfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the Town of Mansfield's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
January 24, 2019

**Housing Authority of the Town of Mansfield
Management's Discussion and Analysis
September 30, 2018**

As management of the Housing Authority of the Town of Mansfield, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

Financial Highlights

- The assets of the Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$2,052,154 (net position). Of this amount, \$954,264 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Housing Authority had total revenue of \$895,606. Of this amount, \$895,283 was operating revenues, \$323 was non-operating revenues, and \$-0- was capital contributions.
- The Housing Authority had total expenses of \$968,908, all of which was used for operating expenses. \$145,166 was for depreciation expense, which is a non-cash transaction.
- The Housing Authority continues to operate without the need for debt borrowings during the current fiscal year.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Authority is a special-purpose entity engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective October 1, 2003, the Authority adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

**Housing Authority of the Town of Mansfield
Management's Discussion and Analysis
September 30, 2018**

Fund Financial Statements

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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has two federally funded programs that are consolidated into a single enterprise fund.

Low Rent Public Housing – The Authority's Low Rent Public Housing rents housing units to low-income families. The Low Rent Public Housing program is operated under an Annual Contribution Contract (ACC) with HUD; HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program (CFP) – The Low Rent Public Housing Program also includes the CFP as the primary funding source for the Authority's physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of the Authority's units.

Using This Annual Report

The Housing Authority's annual report consists of financial statements that show information about the Housing Authority's fund, an enterprise fund.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being 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 may establish 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 fund uses the following accounting approach:

Proprietary funds – All of the Housing Authority's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**Housing Authority of the Town of Mansfield
Management's Discussion and Analysis
September 30, 2018**

Statement of Net Position

The following table represents a Comparative Balance Sheet as of September 30, 2018:

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Current Assets	\$ 1,082,366	\$ 1,052,743	-2.7
Current Restricted Assets	25,102	27,630	10.1
Capital Assets, Net of Depreciation	<u>1,154,523</u>	<u>1,097,890</u>	-4.9
Total Assets	<u>2,261,991</u>	<u>2,178,263</u>	-3.7
Current Liabilities	86,496	71,888	-16.9
Current Liabilities Payable from Restricted Assets	25,102	27,630	10.1
Non-Current Liabilities	<u>24,937</u>	<u>26,591</u>	6.6
Total Liabilities	<u>136,535</u>	<u>126,109</u>	-7.6
Equity			
Net Investment in Capital Assets	1,154,523	1,097,890	-4.9
Unrestricted Net Position	<u>970,933</u>	<u>954,264</u>	-1.7
Total Net Position	<u>2,125,456</u>	<u>2,052,154</u>	-3.5
Total Liabilities & Net Position	<u>\$ 2,261,991</u>	<u>\$ 2,178,263</u>	-3.7

- Total assets decreased by \$83,728 or 3.7%. The main cause for this decrease is because of a decrease in capital assets, net of depreciation in the amount of \$56,633.
- Total liabilities decreased by \$10,426 or 7.6%. The main cause for this decrease is because of a decrease in accrued wages and payroll taxes payable in the amount of \$12,669.
- Unrestricted net position decreased by \$16,669 or 1.7%. The decrease in current assets is the main contributor for this decrease.

**Housing Authority of the Town of Mansfield
Management's Discussion and Analysis
September 30, 2018**

Changes in Net Position

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended September 30, 2018:

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Operating Revenues			
Tenant Revenue	\$ 329,820	\$ 360,066	9.2
HUD PHA Operating	463,454	535,217	15.5
Total Operating Revenues	<u>793,274</u>	<u>895,283</u>	12.9
Operating Expenses			
Administrative	300,378	294,753	-1.9
Utilities	81,863	64,481	-21.2
Maintenance	295,558	346,430	17.2
General Expenses	116,757	118,078	1.1
Depreciation	196,956	145,166	-26.3
Total Operating Expenses	<u>991,512</u>	<u>968,908</u>	-2.3
Operating Income (Loss)	<u>(198,238)</u>	<u>(73,625)</u>	-62.9
Non-Operating Revenues (Expenses)			
Investment Income	456	323	-29.2
Other Revenue	9,251	-0-	-100.0
Gain (Loss) on Sale of Capital Assets	(521)	-0-	-100.0
Total Non-Operating Revenues (Expenses)	<u>9,186</u>	<u>323</u>	-96.5
Capital Contributions	<u>-0-</u>	<u>-0-</u>	0.0
Change in Net Position	(189,052)	(73,302)	-61.2
Beginning Net Position	<u>2,314,508</u>	<u>2,125,456</u>	-8.2
Ending Net Position	<u>\$ 2,125,456</u>	<u>\$ 2,052,154</u>	-3.5

- Total operating revenues increased by \$102,009 or 12.9%. This was mainly due to an increase in HUD PHA Operating monies in the amount of \$71,763.
- Total operating expenses decreased by \$22,604 or 2.3%. This was mainly due to a decrease in depreciation expense in the amount of \$51,790.
- Non-operating revenues (expenses) changed by \$8,863 or 96.5%. This change is mainly due to a decrease in other revenue in the amount of \$9,251.

**Housing Authority of the Town of Mansfield
Management's Discussion and Analysis
September 30, 2018**

Capital Asset & Debt Administration

Capital Assets

At September 30, 2018, the Housing Authority had \$1,097,890 invested in a broad range of capital assets, including land, buildings, leasehold improvements, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$56,635 or 4.9% from last year.

Capital Assets at Year-End

	<u>2017</u>	<u>2018</u>
Land *	\$ 47,445	\$ 47,445
Leasehold Improvements	654,869	654,869
Buildings	7,352,821	7,449,141
Furniture & Equipment, Etc.	333,563	333,563
Construction in Progress *	7,789	-0-
Total	<u>8,396,487</u>	<u>8,485,018</u>
Less Accumulated Depreciation	<u>(7,241,962)</u>	<u>(7,387,128)</u>
Net Capital Assets	<u>\$ 1,154,525</u>	<u>\$ 1,097,890</u>

* Land in the amount of \$47,445 is not being depreciated.

No debt was issued for additions in capital assets.

Debt

Our long-term debt consists of accrued annual leave of \$26,591. We present more detail about our long-term liabilities in the notes to the financial statements.

Future Events that will impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the 2019 fiscal year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, 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 Linda Washington, Executive Director, at the Housing Authority of the Town of Mansfield, PO Box 1020, Mansfield, Louisiana, 71052, telephone number (318) 872-1383.

Basic Financial Statements

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana
Statement of Net Position
September 30, 2018**

ASSETS	ENTERPRISE FUND
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 581,060
Investments	20,666
Receivables, Net	406,013
Inventory, Net	5,650
Prepaid Items	39,354
Restricted:	
Tenant Security Deposit Cash	27,630
TOTAL CURRENT ASSETS	<u>1,080,373</u>
NON-CURRENT ASSETS	
Capital Assets, Net of Accumulated Depreciation	1,097,890
TOTAL NON-CURRENT ASSETS	<u>1,097,890</u>
TOTAL ASSETS	<u><u>2,178,263</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	4,217
Accrued Compensated Absences	9,670
Accrued Wages & Payroll Taxes Payable	4,253
Unearned Revenue	53,748
TOTAL CURRENT LIABILITIES	<u>71,888</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Tenant Security Deposits	27,630
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>27,630</u>
NON-CURRENT LIABILITIES	
Accrued Compensated Absences	26,591
TOTAL NON-CURRENT LIABILITIES	<u>26,591</u>
TOTAL LIABILITIES	<u>126,109</u>
NET POSITION	
Net Investment in Capital Assets	1,097,890
Unrestricted	954,264
TOTAL NET POSITION	<u>\$ 2,052,154</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana
Statement of Revenues, Expenses, & Changes in Net Position
Year Ended September 30, 2018**

	ENTERPRISE FUND
OPERATING REVENUES	
Tenant Rental Revenue	\$ 360,066
HUD PHA Operating Grant	535,217
TOTAL OPERATING REVENUES	895,283
OPERATING EXPENSES	
<i>Administration:</i>	
Administrative Salaries	172,132
EBC Administrative	69,224
Accounting/Legal	10,150
Other Operating - Administrative	43,247
<i>Cost of Sales & Service:</i>	
Water	33,314
Electricity	11,154
Gas	1,762
Sewer	18,239
Other Utilities	12
Ordinary Maintenance – Labor	150,154
Materials	57,019
Contract Cost	94,835
EBC Maintenance	44,422
Insurance	86,738
Compensated Absences	12,570
Bad Debt Tenant’s Rent	18,770
<i>Depreciation</i>	145,166
TOTAL OPERATING EXPENSES	968,908
OPERATING INCOME (LOSS)	(73,625)
NONOPERATING REVENUES (EXPENSE)	
Interest Earnings	323
TOTAL NONOPERATING REVENUES (EXPENSES)	323
CAPITAL CONTRIBUTIONS	-0-
CHANGE IN NET POSITION	(73,302)
TOTAL NET POSITION – BEGINNING	2,125,456
TOTAL NET POSITION - ENDING	\$ 2,052,154

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana
Statement of Cash Flows
Year Ended September 30, 2018**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers & Users	\$ 328,282
Receipts From HUD	496,317
Payments to Suppliers & Others	(505,324)
Payments to Employees	(332,699)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(13,424)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Provided by Other Sources of Income	-0-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-0-
 CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Acquisition & Construction of Capital Assets	(88,531)
Sale of Capital Assets	-0-
Capital Grants	-0-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(88,531)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest & Dividends Received	323
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	323
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(101,632)
 CASH, BEGINNING OF YEAR	710,322
CASH, END OF YEAR	608,690
 RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	581,060
Tenants' Security Deposits	27,630
TOTAL CASH & CASH EQUIVALENTS	\$ 608,690

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana
Statement of Cash Flows
Year Ended September 30, 2018**

Reconciliation

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

Operating Income (Loss)	\$ <u>(73,625)</u>
Depreciation Expense	145,166
(Increase) Decrease in Accounts Receivable	(37,884)
(Increase) Decrease in HUD Receivables	(38,900)
(Increase) Decrease in Inventories	2,290
(Increase) Decrease in Prepaid Items	(43)
Increase (Decrease) in Accounts Payable	(6,115)
Increase (Decrease) in Compensated Absences	2,256
Increase (Decrease) in PILOT	-0-
Increase (Decrease) in Wages & Payroll Taxes Payable	(12,669)
Increase (Decrease) in Tenant Security Deposits	2,528
Increase (Decrease) in Prepaid Rents	<u>3,572</u>
TOTAL ADJUSTMENTS	<u>60,201</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (13,424)</u>

LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES

Contributions of Capital Assets From Government	\$ <u>-0-</u>
---	---------------

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

INTRODUCTION

The Housing Authority of the Town of Mansfield is a 140 unit apartment complex for persons of low income located in Mansfield, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Mansfield, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Mansfield, Louisiana. Each member serves a four-year term and receives no compensation for their services. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Mansfield because the Town of Mansfield appoints a voting majority of the Housing Authority's governing board. The Town of Mansfield is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Mansfield. According, the Housing Authority is not a component unit of the financial reporting entity of the Town of Mansfield.

1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. BASIC FINANCIAL STATEMENTS

The basic financial statements (i.e., the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position) report information on all of the activities of the Housing Authority.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
SEPTEMBER 30, 2018**

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The basic financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accompanying financial statements include the activities of several housing programs subsidized by HUD. A summary of each significant program is provided below.

- **Low Income Housing Program** – The purpose of the low income housing program is to provide decent and affordable housing to low income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments are acquired, developed and modernized under HUD’s capital funds programs. Funding of the program operations is provided via federal annual contribution contracts (operating subsidies) and tenant rents (determined as a percentage of family income, adjusted for family composition).
- **Capital Fund Program** – The Conventional Public Housing Program also includes the Capital Fund Program, the primary funding source for the Housing Authority’s physical and management improvements. The funding calculation is based on the size and age of the Housing Authority’s units.

As a general rule, the effect of Interfund activity has been eliminated from the basic financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The primary operating revenue of the Housing Authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
SEPTEMBER 30, 2018**

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

D. DEPOSITS & INVESTMENTS

The Housing Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Housing Authority’s investment policy allow the Housing Authority to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the Housing Authority are reported at fair value.

E. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either “due to/from other funds” (i.e., the current portion of Interfund loans) or “advances to/from other funds” (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the accompanying basic financial statements, are offset by a restriction on net position. All trade and other receivables are shown net of an allowance for uncollectibles.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
SEPTEMBER 30, 2018**

F. INVENTORIES & PREPAID ITEMS

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The Housing Authority maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-20 years
Buildings & Building Improvements	15-40 years
Furniture & Fixtures	3-7 years
Equipment	3-7 years
Vehicles	5 years

H. COMPENSATED ABSENCES

The Housing Authority has the following policy relating to vacation and sick leave:

The Authority follows the civil service guidelines for vacation and sick leave. Employees' time is accumulated in accordance to hours worked per month. At year-end, time not used is accumulated.

At September 30, 2018, employees of the PHA have accumulated and vested \$36,261 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at September 30, 2018, was \$9,670 recorded as current obligation and \$26,591 recorded as non-current obligation.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
SEPTEMBER 30, 2018**

I. LONG-TERM OBLIGATIONS

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

J. EXTRAORDINARY & SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Housing Authority, which are either unusual in nature or infrequent in occurrence.

K. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At September 30, 2018, the Housing Authority has cash and investments (bank balances) totaling \$675,428 as follows:

Demand deposits	\$	654,762
Time deposits		<u>20,666</u>
Total	\$	<u>675,428</u>

Of the above amounts, \$27,630 is restricted for tenant's security deposits.

These deposits are stated at cost, which approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
SEPTEMBER 30, 2018**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

Deposits

It is the Housing Authority’s policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Housing Authority’s deposits are categorized to give an indication of the level of risk assumed by the Housing Authority at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the housing authority or by its agent in the Housing Authority’s name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Housing Authority’s name.
- ***Category 3*** – Uncollateralized.

Amounts on deposit are secured by the following pledges:

Description	Market Value
FDIC (Category 1)	\$ 270,666
Securities (Category 2)	433,937
Total	\$ 704,603

Deposits were fully secured as of September 30, 2018.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
SEPTEMBER 30, 2018**

3. RECEIVABLES

The receivables of \$406,013 as of September 30, 2018, were as follows:

HUD Receivable	\$	350,485
Tenants' Rents		59,703
Allowance for Doubtful Accounts		(4,175)
Total	\$	<u>406,013</u>

4. INVENTORY

The inventories, stated at cost, of \$5,650, as of September 30, 2018, are as follows:

Inventories	\$	5,650
Allowance for Obsolete Inventories		-0-
Inventories, Net	\$	<u>5,650</u>

5. PREPAID ITEMS

The Housing Authority's prepaid items as of September 30, 2018, consist of the following:

Prepaid Insurance	\$	<u>39,354</u>
Total	\$	<u>39,354</u>

6. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land *	\$ 47,445	\$ -0-	\$ -0-	\$ 47,445
Leasehold Improvements	654,869	-0-	-0-	654,869
Buildings	7,352,821	96,320	-0-	7,449,141
Furniture & Equipment, Etc.	333,563	-0-	-0-	333,563
Construction in Progress *	<u>7,789</u>	<u>-0-</u>	<u>(7,789)</u>	<u>-0-</u>
Total	<u>8,396,487</u>	<u>96,320</u>	<u>(7,789)</u>	<u>8,485,018</u>
Less Accumulated Depreciation	<u>(7,241,962)</u>	<u>(145,166)</u>	<u>-0-</u>	<u>(7,387,128)</u>
Net Capital Assets	<u>\$ 1,154,525</u>	<u>\$ (48,846)</u>	<u>\$ (7,789)</u>	<u>\$ 1,097,890</u>

* Land in the amount of \$47,445 is not being depreciated.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
SEPTEMBER 30, 2018**

7. ACCOUNTS, SALARIES & OTHER PAYABLES

The payables of \$71,888 at September 30, 2018, are as follows:

Accounts Payable	\$	4,217
Wages & Payroll Taxes Payable		4,253
Accrued Compensated Absences (Current)		9,670
Unearned Revenue		53,748
Total	\$	<u>71,888</u>

8. CHANGES IN COMPENSATED ABSENCES PAYABLES

The following is a summary of changes in compensated absences payable at September 30, 2018:

		<u>Current</u>		<u>Noncurrent</u>		<u>Total</u>
Beginning of year	\$	9,068	\$	24,937	\$	34,005
Additions/Retirements		602		1,654		2,256
End of year	\$	<u>9,670</u>	\$	<u>26,591</u>	\$	<u>36,261</u>

9. LONG-TERM OBLIGATIONS

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority, and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.

10. CONTINGENT LIABILITIES & SUBSEQUENT EVENTS

The Housing Authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the Housing Authority in the current and prior years. These examinations may result in required refunds by the Housing Authority to federal grantors and/or program beneficiaries.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
SEPTEMBER 30, 2018**

11. COMMITMENTS & CONTINGENCIES

Construction Projects – There are certain major construction projects in progress as of September 30, 2018. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

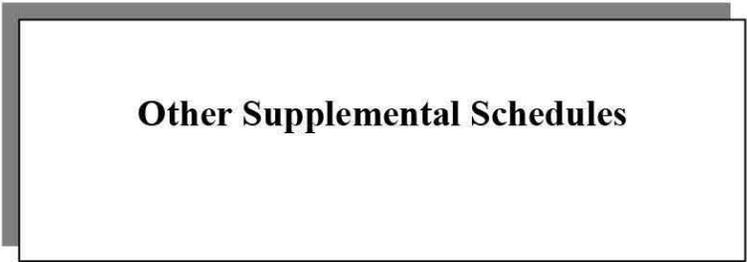
Grant Disallowances – The Housing Authority participates in a number of federally assisted grant programs. Although the grant programs are audited in accordance with the Single Audit Act Uniform Guidance, these programs are still subject to compliance audits. Housing authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

12. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$535,217 to the Housing Authority, which represents approximately 60% of the Housing Authority's revenue for the year.

13. PENSION PLAN

The Housing Authority provides a SEP plan to its employees where the Housing Authority contributes 25% of the employee's base salary and the employee contributes 0%. The Housing Authority's contribution was \$58,469.



Other Supplemental Schedules

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended September 30, 2018**

Board Member	Title
Shirley Purvis	Chairperson
James Booker	Board Commissioner
Jimmy Davis Jones	Board Commissioner
Mitch Lewis	Board Commissioner
Robert Vance	Board Commissioner

Each board member received \$0 per meeting when present.

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended September 30, 2018**

Mansfield Housing Authority
Linda Washington, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 71,928
Benefits-Insurance	8,251
Benefits-Retirement	17,982
Benefits (List any other here)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

Supplementary Information

**Housing Authority of the Town of Mansfield
Mansfield, Louisiana**

**Statement and Certification of Actual Modernization Cost
Annual Contribution Contract
September 30, 2018**

	<u>CFP Project 501-2009</u>	<u>CFP Project 501-2010</u>	<u>CFP Project 501-2011</u>	<u>CFP Project 501-2012</u>	<u>CFP Project 501-2013</u>	<u>CFP Project 501-2014</u>	<u>(Complete) CFP Project 501-2015</u>	<u>(Complete) CFP Project 501-2016</u>	<u>CFP Project 501-2017</u>	<u>Total</u>
The Actual Modernization Costs are as follows:										
1. Funds Authorized Total	\$ 203,289	\$ 210,277	\$ 178,614	\$ 157,819	\$ 150,858	\$ 116,920	\$ 160,242	\$ 163,913	\$ 175,424	\$ 1,517,356
Funds Expended	<u>(195,563)</u>	<u>(204,442)</u>	<u>(177,833)</u>	<u>(148,625)</u>	<u>(71,410)</u>	<u>(6,120)</u>	<u>(160,242)</u>	<u>(163,913)</u>	<u>-0-</u>	<u>(1,128,148)</u>
Excess of Funds Approved	<u>7,726</u>	<u>5,835</u>	<u>781</u>	<u>9,194</u>	<u>79,448</u>	<u>110,800</u>	<u>-0-</u>	<u>-0-</u>	<u>175,424</u>	<u>389,208</u>
2. Funds Advanced	203,289	210,277	178,614	157,819	18,000	-0-	160,242	163,913	-0-	1,092,154
Funds Expended	<u>(195,563)</u>	<u>(204,442)</u>	<u>(177,833)</u>	<u>(148,625)</u>	<u>(71,410)</u>	<u>(6,120)</u>	<u>(160,242)</u>	<u>(163,913)</u>	<u>-0-</u>	<u>(1,128,148)</u>
Excess of Funds Advanced	<u>\$ 7,726</u>	<u>\$ 5,835</u>	<u>\$ 781</u>	<u>\$ 9,194</u>	<u>\$ (53,410)</u>	<u>\$ (6,120)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (35,994)</u>

See independent auditor's report.



Other Reports

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT AUDITOR'S 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*

Housing Authority of the
Town of Mansfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the Town of Mansfield, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Mansfield's basic financial statements, and have issued our report thereon dated January 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Town of Mansfield'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 Town of Mansfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Mansfield'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. We did identify certain

deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies:

- **2018-1 Old Outstanding Checks**
- **2018-4 Daily Payroll Attendance Documents**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Mansfield's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Finding and Questioned Costs as items:

- **2018-2 Cash Management**
- **2018-3 Maintenance of Tenant Files**
- **2018-5 HUD Compliance Monitoring Review Report**

Housing Authority of the Town of Mansfield's Response to Findings

Housing Authority of the Town of Mansfield's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Housing Authority of the Town of Mansfield's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
January 24, 2019

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018**

We have audited the basic financial statements which collectively comprise the Housing Authority of the Town of Mansfield, Louisiana, as of and for the year ended September 30, 2018, and have issued our report thereon dated January 24, 2019. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Results

Our audit of the basic financial statements as of September 30, 2018, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Basic Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Modified
For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification Of Major Programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program (or Cluster)</u>
------------------------	---

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018**

Section II Financial Statement Findings

2018-1 Old Outstanding Checks (Internal Control)

Condition: The housing authority has \$8,808 in outstanding checks that are more than six months old.

Criteria: Not clearing old outstanding checks on a regular basis can result in the issuance of financial statements that understates cash.

Cause of Condition: Not correcting the bank reconciliation.

Effect of Condition: Understatement of cash in the financial statements.

Recommendation: The old outstanding checks should be added back to the books and reconciled bank balance.

Client Response: The housing authority will have their fee accountant make the necessary adjustments.

2018-2 Cash Management (Compliance)

Condition: The PHA has the following CFP projects in which the PHA has drawn down the funds but not made the disbursement:

2009 CFP	\$7,726
2010 CFP	\$5,835
2011 CFP	\$781
2012 CFP	\$9,194

Criteria: When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement of those funds. Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 USC 6501 *et seq.*) and the Indian Self-Determination Act (23 USC 450), interest earned by local government and Indian tribal government grantees and subgrantees on advances is required to be submitted promptly, but at least quarterly, to the federal agency. Up to \$100 per year may be kept for administrative expenses. Interest earned by non-state non-profit entities on federal fund balances in excess of \$250 is required to be remitted to Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852.

Cause of Condition: The PHA not minimizing the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement of those funds.

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018**

Section II Financial Statement Findings

Potential Effect of Condition: Compliance violation.

Recommendation: The PHA should develop procedures to minimize the time elapsing between the drawdown of CFP funds and the disbursement of those funds.

Client Response: The PHA will develop procedures to minimize the time elapsing between the drawdown of CFP funds and the disbursement of those funds.

2018-3 Maintenance of Tenant Files (Compliance)

Condition: A random sample of 4 tenant files were selected and tested for income eligibility, 3rd party verification, recalculating tenant's rent, selection from waiting list, reexamination once every 12 months, family report and trace calculated rent to rental registry. None of the tenant files selected had been updated. Inquiry found that none of the tenant file population has been updated.

Criteria: The PHA must do the following:

1. As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 960.259).
2. For both family income examinations and reexaminations, obtain and document in the family file third-party verification of: (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR section 960.259).
3. Determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with 24 CFR part 5 subpart F (24 CFR sections 5.601 et seq., and 24 CFR sections 960.253, 960.255, and 960.259).
4. Select tenants from the public housing waiting list (see III.N.1, 'Special Tests and Provisions - Public Housing Waiting List') (24 CFR sections 960.206 and 960.208).
5. Reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification (24 CFR sections 960.253, 960.257, and 960.259).

HUD-50058, Family Report (OMB No. 2577-0083) - The PHA is required to submit this form electronically to HUD each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The PHA must also submit the Family Report when a family ends participation in the program or moves out of the PHA's jurisdiction under portability.

Cause of Condition: Not documenting the performance of compliance requirements in the tenant files.

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018**

Section II Financial Statement Findings

Potential Effect of Condition: Compliance violation.

Recommendation: The PHA should document in the tenant files the compliance requirements outlined in “criteria” above.

Client Response: As a result of a “compliance monitoring review” performed by HUD’s New Orleans Field Office, the PHA is in the process of reworking all of its tenant files.

2018-4 Daily Payroll Attendance Documents (Internal Control)

Condition: We selected a payroll period to be tested for documentation and internal control testing. We found that the daily attendance records are not signed by a supervisor.

Criteria: Good internal controls require daily attendance records to be signed by a supervisor before payroll checks are prepared.

Cause of Condition: Daily attendance records are not signed by a supervisor.

Effect of Condition: Significant internal control deficiency.

Recommendation: Daily attendance records should be signed by a supervisor before payroll checks are prepared.

Client Response: Daily attendance records will be signed by a supervisor before payroll checks are prepared.

2018-5 HUD Compliance Monitoring Review Report (Compliance)

Condition: HUD’s Office of Public Housing conducted a Compliance Monitoring Review for the fiscal year 2017 of the Mansfield Housing Authority (MHA). The New Orleans Field Office (NOFO) conducted the review July 9 through July 1, 2018. That report includes 16 findings which require corrective action. The report also includes 1 concern. As further detailed in the report, the MHA has areas in which it must improve including:

1. Board oversight and monitoring of the PHA, addressing the obligations of the PHA to meet HUD requirements or deadlines, and conducting the necessary business of the PHA.
2. Developing and updating policies and procedures to eliminate inconsistencies with HUD regulations and ensure policies are Board approved.
3. Maintaining program accounts and records to ensure files have a clear audit trail, documents are complete, secured, and orderly.

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018**

Section II Financial Statement Findings

4. Public Housing Assessment System (PHAS) – MHA’s Public Housing Management Operations Indicator (Occupancy Rate) is low. MHA received 9 points out of 25, Management Operations Indicator (Tenant Accounts Receivable) the agency received zero points.
5. MHA must work towards housing more families to increase its low occupancy rate and submit 50058’s to HUD systems.
6. MHA must improve rent collections, over \$24,000 was not collected in fiscal year end 09/30/2017.
7. MHA must ensure procurement actions are completed properly.
8. MHA must adopt an Admissions and Continued Occupancy Policy.
9. MHA must conduct Reexaminations and annual inspections timely.
10. MHA must submit its PHA plan for fiscal year began 10/01/2017.
11. MHA must reduce financial reporting errors.
12. MHA must correct findings cited by Independent Audit.
13. MHA must ensure all policies are Board approved.
14. On June 15, 2015, MHA received a letter from Real Estate Assessment Center (REAC) advising the agency of its Substandard Management Designation in the Public Housing Assessment System (PHAS) for the fiscal year ended 09/30/2015. The agency has not recovered from this designation. As of the last date of our, (The Vercher Group), field work, January 24, 2019, not all of the findings in that report have been corrected.

Criteria: HUD’s Office of Public Housing periodically performs Compliance Monitoring Reviews of agencies, issues findings on non-compliance, weaknesses in internal controls and recommends corrective action to be taken to address the findings.

Cause of Condition: Deficiencies in compliance and internal controls with program requirements and regulations.

Effect of Condition: Noncompliance with program requirements and regulations.

Recommendation: The PHA should implement the corrective action recommended by the HUD report.

Client Response: The PHA is currently working on implementing the corrective action recommended by the HUD report.

Section III Federal Awards Findings and Questioned Costs

Not applicable.

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS:

2018-1 Old Outstanding Checks

Finding: The housing authority has \$8,808 in outstanding checks that are more than six months old.

Corrective Action: The housing authority will have their fee accountant make the necessary adjustments to reconcile the bank balance.

Contact Person: Linda Washington, Executive Director

Anticipated Completion Date: September 30, 2019

2018-2 Cash Management

Finding: The PHA has drawn down the funds of several CFP projects but has not made the disbursement: 2009 CFP - \$7,726, 2010 CFP - \$5,835, 2011 CFP - \$781, and 2012 CFP - \$9,194.

Corrective Action: The PHA will develop procedures to minimize the time elapsing between the drawdown of CFP funds and the disbursement of those funds.

Contact Person: Linda Washington, Executive Director

Anticipated Completion Date: September 30, 2019

2018-3 Maintenance of Tenant Files

Finding: A random sample of 4 tenant files were selected and tested for income eligibility, 3rd party verification, recalculating tenant's rent, selection from waiting list, reexamination once every 12 months, family report and trace calculated rent to rental registry. None of the tenant files selected had been updated. Inquiry found that none of the tenant file population has been updated.

Corrective Action: As a result of a "compliance monitoring review" performed by HUD's New Orleans Field Office, the PHA is in the process of reworking all of its tenant files.

Contact Person: Linda Washington, Executive Director

Anticipated Completion Date: September 30, 2019

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS (CONTINUED):

2018-4 Daily Payroll Attendance Documents

Finding: We selected a payroll period to be tested for documentation and internal control testing. We found that the daily attendance records are not signed by a supervisor.

Corrective Action: Daily attendance records will be signed by a supervisor before payroll checks are prepared.

Contact Person: Linda Washington, Executive Director

Anticipated Completion Date: September 30, 2019

2018-5 HUD Compliance Monitoring Review Report

Finding: HUD's Office of Public Housing conducted a Compliance Monitoring Review for the fiscal year 2017 of the Mansfield Housing Authority (MHA). The New Orleans Field Office (NOFO) conducted the review July 9 through July 1, 2018. That report includes 16 findings which require corrective action. The report also includes 1 concern. As further detailed in the report, the MHA has areas in which it must improve including:

1. Board oversight and monitoring of the PHA, addressing the obligations of the PHA to meet HUD requirements or deadlines, and conducting the necessary business of the PHA.
2. Developing and updating policies and procedures to eliminate inconsistencies with HUD regulations and ensure policies are Board approved.
3. Maintaining program accounts and records to ensure files have a clear audit trail, documents are complete, secured, and orderly.
4. Public Housing Assessment System (PHAS) – MHA's Public Housing Management Operations Indicator (Occupancy Rate) is low. MHA received 9 points out of 25, Management Operations Indicator (Tenant Accounts Receivable) the agency received zero points.
5. MHA must work towards housing more families to increase its low occupancy rate and submit 50058's to HUD systems.
6. MHA must improve rent collections, over \$24,000 was not collected in fiscal year end 09/30/2017.
7. MHA must ensure procurement actions are completed properly.
8. MHA must adopt an Admissions and Continued Occupancy Policy.
9. MHA must conduct Reexaminations and annual inspections timely.
10. MHA must submit its PHA plan for fiscal year began 10/01/2017.
11. MHA must reduce financial reporting errors.
12. MHA must correct findings cited by Independent Audit.
13. MHA must ensure all policies are Board approved.

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS (CONTINUED):

14. On June 15, 2015, MHA received a letter from Real Estate Assessment Center (REAC) advising the agency of its Substandard Management Designation in the Public Housing Assessment System (PHAS) for the fiscal year ended 09/30/2015. The agency has not recovered from this designation. As of the last date of our, (The Vercher Group), field work, January 24, 2019, not all of the findings in that report have been corrected.

Corrective Action: The PHA is currently working on implementing the corrective action recommended by the HUD report.

Contact Person: Linda Washington, Executive Director

Anticipated Completion Date: September 30, 2019

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA
For the Year Ended September 30, 2018**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Mansfield, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended September 30, 2017.

PRIOR YEAR FINDINGS

2017-1 Old Outstanding Checks (Unresolved)

Finding: The housing authority has \$7,691 in outstanding checks that are more than six months old.

Corrective Action: The housing authority will have their fee accountant make the necessary adjustments to reconcile the bank balance.

2017-2 Cash Management (Unresolved)

Finding: The PHA had drawn down the funds of several CFP projects but had not made the disbursement: 2009 CFP - \$7,726, 2010 CFP - \$5,835, 2011 CFP - \$781, and 2012 CFP - \$9,194.

Corrective Action: The PHA will develop procedures to minimize the time elapsing between the drawdown of CFP funds and the disbursement of those funds.

2017-3 Late Paying Payroll Taxes (Resolved)

Finding: As of 09/30/2017, \$5,562 of state withholding taxes were in arrears being paid to the State of Louisiana.

Corrective Action: The housing authority will file the payroll tax forms and make payment of the taxes.

**HOUSING AUTHORITY OF THE TOWN OF MANSFIELD
MANSFIELD, LOUISIANA
For the Year Ended September 30, 2018**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

2017-4 Pension Plan Contributions (Resolved)

Finding: The entity has not been making contributions to its pension fund according to the plan agreement.

Corrective Action: The board will review and approve the pension plan, since there is no written documentation of board approval of the plan, and the entity should recalculate monthly employer pension contributions based on board approval.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

A Professional Corporation of

Certified Public Accountants

P.O. Box 1608

1737 N 2nd St. – Suite A

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

AGREED-UPON PROCEDURES REPORT

Housing Authority of Town of Mansfield, Louisiana

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of October 1, 2017- September 30, 2018

Mansfield Housing Authority

Mansfield, Louisiana

To the Mansfield Housing Authority and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Mansfield Housing Authority (entity) 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 October 1, 2017 through September 30, 2018. The Entity'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.

Observation: We obtained a copy of the written policies and procedures manual and read it for the above items.

Exception: The policy and procedures manual did not address debt service.

Management's Response: The entity does not have debt and is not allowed to enter into debt.

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 unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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.

Observation: We obtained a listing of bank accounts for the fiscal period and management's representation that the list is complete.

A) The bank reconciliation did not include evidence that it was prepared within 2 months of the closing date.

Exception: The bank reconciliation did not include evidence that it was prepared within 2 months of the closing date.

Management's Response: Bank reconciliations are prepared by the outside fee accountant within 2 months of closing date.

B) Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

Exception: Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

Management's Response: Bank reconciliations are prepared by the outside fee accountant and reviewed by management and the board.

- C) There was no documentation that the entity researched reconciling items that have been outstanding for more than 12 months.

Exception: There was no documentation that the entity researched reconciling items that have been outstanding for more than 12 months.

Management's Response: Management will have its fee accountant research reconciling items that are more than 12 months.

Collections

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).

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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).

Observation: We obtained a listing of locations that process payments, (the PHA office) and management’s representation that the list is complete.

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.

Observation:

A) All purchases are initiated by the PHA staff and approved by the board.

B) All purchases are initiated by the PHA staff and approved by the board.

C) Inquiry found that the person responsible for processing payments is not prohibited from adding vendors to the entity’s purchasing/disbursement system.

Exception: The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.

Management's Response: Vendors are not added to the system without permission.

D) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is also responsible for processing payments.

Exception: The employee responsible for signing checks sometimes mails the checks.

Management's Response: Management will have someone other than the person processing payments to mail the payments.

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.

Observation:

A) We selected a random sample of expenditures and matched them to the original invoice/billing statement.

B) All purchases were initiated by the PHA staff and approved by the board.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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, 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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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).

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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

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).
 - 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.

Observation: These procedures were performed last year with no exceptions. This procedure will be rotated to next year.

Contracts

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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

Payroll and Personnel

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.

Observation: We obtained a listing of employees employed during the fiscal period and management's representation that the listing is complete. We then selected 5 employees and agreed paid salaries to authorized pay rates in the personnel files.

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.

Observation:

A) All employees documented their daily attendance and leave.

B) Supervisors did not document approval of the attendance and leave records.

Exception: Supervisors did not document approval of the attendance and leave records.

Management's Response: Supervisors will document, in writing, approval of the attendance and leave records.

C) Any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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.

Observation: Management represented that there were no terminations during the fiscal year.

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.

Observation: We obtained 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.

Ethics

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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

Debt Service

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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

Other

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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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.

Observation: These procedures were performed last year with no exceptions. These procedures will be rotated to next year.

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.

The Vercher Group

Jena, Louisiana

January 24, 2019

Financial Data Schedule

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Non Single Audit

Fiscal Year End: 09/30/2018

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$581,060	\$581,060	\$581,060
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$27,630	\$27,630	\$27,630
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$608,690	\$608,690	\$608,690
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$350,485	\$350,485	\$350,485
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$59,703	\$59,703	\$59,703
126.1 Allowance for Doubtful Accounts -Tenants	-\$4,175	-\$4,175	-\$4,175
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$406,013	\$406,013	\$406,013

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Non Single Audit

Fiscal Year End: 09/30/2018

131 Investments - Unrestricted	\$20,666	\$20,666	\$20,666
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$39,354	\$39,354	\$39,354
143 Inventories	\$5,650	\$5,650	\$5,650

	Project Total	Subtotal	Total
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$1,080,373	\$1,080,373	\$1,080,373
161 Land	\$47,445	\$47,445	\$47,445
162 Buildings	\$7,449,141	\$7,449,141	\$7,449,141
163 Furniture, Equipment & Machinery - Dwellings	\$124,658	\$124,658	\$124,658
164 Furniture, Equipment & Machinery - Administration	\$208,905	\$208,905	\$208,905
165 Leasehold Improvements	\$654,869	\$654,869	\$654,869
166 Accumulated Depreciation	-\$7,387,128	-\$7,387,128	-\$7,387,128
167 Construction in Progress			
168 Infrastructure			

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Non Single Audit

Fiscal Year End: 09/30/2018

160 Total Capital Assets, Net of Accumulated Depreciation	\$1,097,890	\$1,097,890	\$1,097,890
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$1,097,890	\$1,097,890	\$1,097,890
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$2,178,263	\$2,178,263	\$2,178,263

	Project Total	Subtotal	Total
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$4,217	\$4,217	\$4,217
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$4,253	\$4,253	\$4,253
322 Accrued Compensated Absences - Current Portion	\$9,670	\$9,670	\$9,670
324 Accrued Contingency Liability			

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Non Single Audit

Fiscal Year End: 09/30/2018

325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government			
341	Tenant Security Deposits	\$27,630	\$27,630	\$27,630
342	Unearned Revenue	\$53,748	\$53,748	\$53,748
343	Current Portion of Long-term Debt - Capital			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other			
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$99,518	\$99,518	\$99,518
351	Long-term Debt, Net of Current - Capital Projects/Mortgage			
352	Long-term Debt, Net of Current - Operating Borrowings			
353	Non-current Liabilities - Other			
354	Accrued Compensated Absences - Non Current	\$26,591	\$26,591	\$26,591
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Non Single Audit

Fiscal Year End: 09/30/2018

	Project Total	Subtotal	Total
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$26,591	\$26,591	\$26,591
300 Total Liabilities	\$126,109	\$126,109	\$126,109
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets	\$1,097,890	\$1,097,890	\$1,097,890
511.4 Restricted Net Position			
512.4 Unrestricted Net Position	\$954,264	\$954,264	\$954,264
513 Total Equity - Net Assets / Position	\$2,052,154	\$2,052,154	\$2,052,154
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$2,178,263	\$2,178,263	\$2,178,263

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$308,803	\$308,803	\$308,803
70400 Tenant Revenue - Other	\$51,263	\$51,263	\$51,263
70500 Total Tenant Revenue	\$360,066	\$360,066	\$360,066
70600 HUD PHA Operating Grants	\$535,217	\$535,217	\$535,217
70610 Capital Grants			
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	\$323	\$323	\$323
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

71500 Other Revenue			
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$895,606	\$895,606	\$895,606
91100 Administrative Salaries	\$172,132	\$172,132	\$172,132

	Project Total	Subtotal	Total
91200 Auditing Fees	\$10,150	\$10,150	\$10,150
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$69,224	\$69,224	\$69,224
91600 Office Expenses	\$21,751	\$21,751	\$21,751
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other	\$21,496	\$21,496	\$21,496
91000 Total Operating - Administrative	\$294,753	\$294,753	\$294,753
92000 Asset Management Fee			

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$33,314	\$33,314	\$33,314
93200 Electricity	\$11,154	\$11,154	\$11,154
93300 Gas	\$1,762	\$1,762	\$1,762
93400 Fuel			
93500 Labor			
93600 Sewer	\$18,239	\$18,239	\$18,239
93700 Employee Benefit Contributions - Utilities			

	Project Total	Subtotal	Total
93800 Other Utilities Expense	\$12	\$12	\$12
93000 Total Utilities	\$64,481	\$64,481	\$64,481
94100 Ordinary Maintenance and Operations - Labor	\$150,154	\$150,154	\$150,154
94200 Ordinary Maintenance and Operations - Materials and	\$57,019	\$57,019	\$57,019
94300 Ordinary Maintenance and Operations Contracts	\$94,835	\$94,835	\$94,835

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

94500 Employee Benefit Contributions - Ordinary Maintenance	\$44,422	\$44,422	\$44,422
94000 Total Maintenance	\$346,430	\$346,430	\$346,430
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$55,344	\$55,344	\$55,344
96120 Liability Insurance	\$3,624	\$3,624	\$3,624
96130 Workmen's Compensation	\$17,269	\$17,269	\$17,269
96140 All Other Insurance	\$10,501	\$10,501	\$10,501
96100 Total insurance Premiums	\$86,738	\$86,738	\$86,738
96200 Other General Expenses			
96210 Compensated Absences	\$12,570	\$12,570	\$12,570
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	\$18,770	\$18,770	\$18,770
96500 Bad debt - Mortgages			

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

	Project Total	Subtotal	Total
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$31,340	\$31,340	\$31,340
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	\$823,742	\$823,742	\$823,742
97000 Excess of Operating Revenue over Operating Expenses	\$71,864	\$71,864	\$71,864
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$145,166	\$145,166	\$145,166
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$968,908	\$968,908	\$968,908
10010 Operating Transfer In	\$163,913	\$163,913	\$163,913
10020 Operating transfer Out	-\$163,913	-\$163,913	-\$163,913

	Project Total	Subtotal	Total
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)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$73,302	-\$73,302	-\$73,302

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$2,125,456	\$2,125,456	\$2,125,456
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0	\$0	\$0
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			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			

	Project Total	Subtotal	Total
11190 Unit Months Available	1788	1788	1788
11210 Number of Unit Months Leased	1685	1685	1685
11270 Excess Cash	\$867,206	\$867,206	\$867,206
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$96,320	\$96,320	\$96,320
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0

Housing Authority of the Town of Mansfield (LA112)

Mansfield, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

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