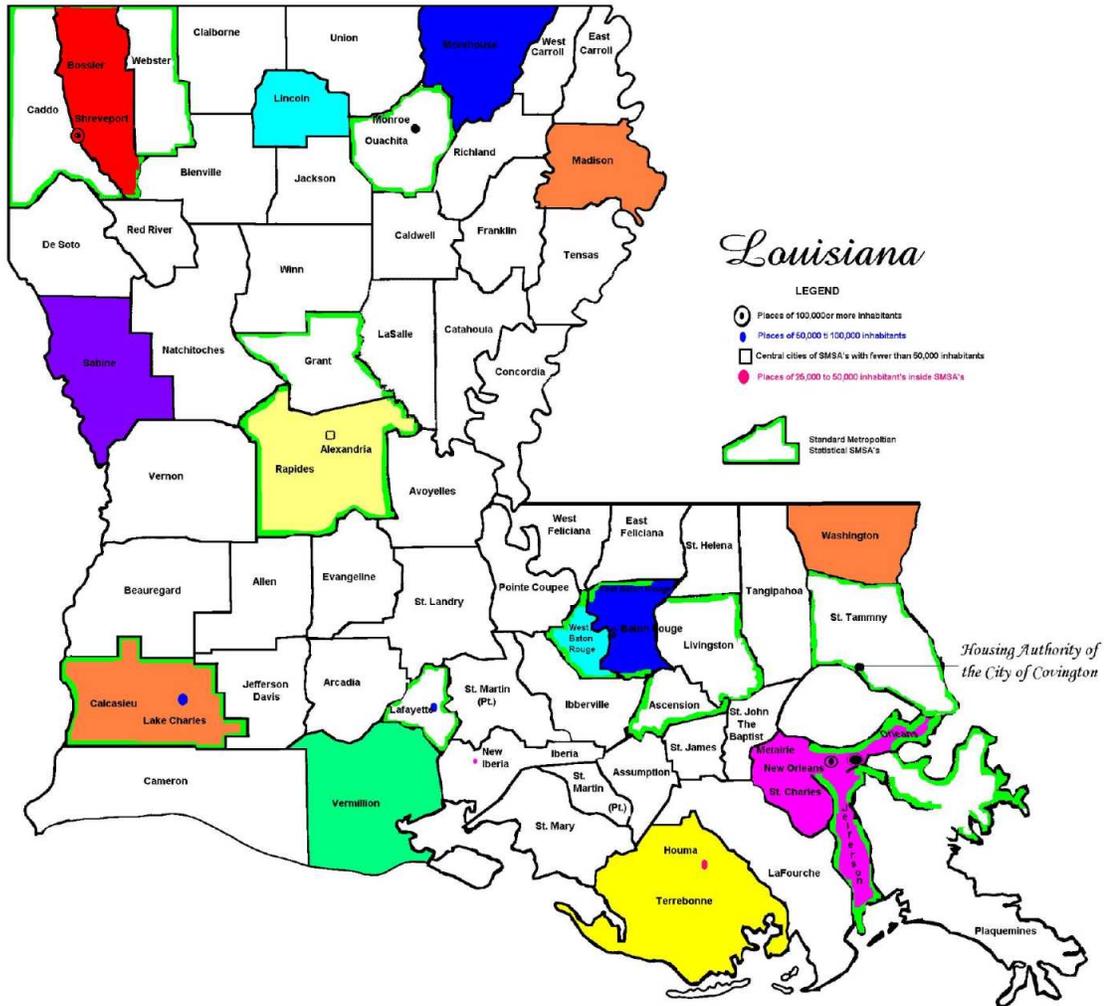


**HOUSING AUTHORITY
OF THE
CITY OF COVINGTON, LOUISIANA**

**Financial Statements &
Supplemental Financial Information**

March 31, 2018

HOUSING AUTHORITY OF THE CITY OF COVINGTON COVINGTON, 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 City of Covington
Covington, Louisiana
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March 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

Housing Authority of the
City of Covington
Covington, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Covington, as of and for the year ended March 31, 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 did not audit the financial statements of the discreetly presented component unit Audrey Heights Development Limited Partnership, which represents 87 percent, 79 percent, and 22 percent, respectively; of the assets, net position and revenues of the business type activities and discreetly presented component unit of the Housing Authority of the City of Covington, La. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discreetly presented component unit Audrey Heights Development Limited Partnership, is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discreetly presented component unit of the Housing Authority of the City of Covington, as of March 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 City of Covington'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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Financial Data Schedule, supplementary schedules and statements, and Schedule of Expenditures of Federal Awards 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, supplementary schedules and statements, and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2018, on our consideration of the Housing Authority of the City of Covington'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 City of Covington's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
July 31, 2018

**Housing Authority of the City of Covington
Management's Discussion and Analysis
March 31, 2018**

As management of the Housing Authority of the City of Covington, 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 March 31, 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 Authority exceeded its liabilities at the close of the most recent fiscal year by \$940,886 (net position).

As of the close of the current fiscal year, the Authority's ending unrestricted net position was \$3,498.

The Authority had unrestricted cash and investments totaling \$31,004 at March 31, 2018, and \$17,146 in restricted cash.

The Authority had total operating revenue of \$1,058,608, and total non-operating revenue of \$145,711.

The Authority had total operating expenses of \$499,124, and total non-operating expenses of \$790,121.

The Authority had capital contributions in the amount of \$22,424 for the year.

The Authority had a total change in net position of \$(62,502) for the year.

Overview of the Basic Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, Statement of Cash Flows, and the notes to the basic financial statements. This report also contains the schedule of expenditures of federal award as supplementary information in addition to the basic financial statements themselves.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Position includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

**Housing Authority of the City of Covington
Management's Discussion and Analysis - Continued
March 31, 2018**

Low Rent Public Housing

Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income families. The Conventional Public Housing Program is operated under an Annual Contribution

Contract (ACC) with HUD, and 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.

Section 8 Housing Assistance – Housing Choice Voucher Program

These Programs assist low-income families in affording decent, safe, and sanitary housing by encouraging property owners to construct new, or rehabilitate existing substandard housing, and then lease the units with rental subsidies to low income individuals and families. The Authority's overall financial position and operations for the year is summarized below based on the information in the current and prior year financial statements.

The table below lists the asset and liability comparisons for the year ended March 31, 2018.

Statement of Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Current Assets	\$ 68,248	\$ 63,626	-6.7
Restricted Assets	6,057	30,855	409.4
Capital Assets Net of Depreciation	<u>1,010,680</u>	<u>920,242</u>	-9.0
Total Assets	<u>1,084,985</u>	<u>1,014,723</u>	-6.5
Current Liabilities	44,659	34,535	-22.7
Non-Current Liabilities	<u>36,938</u>	<u>39,302</u>	6.4
Total Liabilities	<u>81,597</u>	<u>73,837</u>	-9.5
Net Investment in Capital Assets	1,010,680	920,242	-9.0
Restricted Assets	14,117	17,146	21.5
Unrestricted Assets	<u>(21,409)</u>	<u>3,498</u>	116.3
Total Net Position	<u>\$ 1,003,388</u>	<u>\$ 940,886</u>	-6.2

- Total assets decreased by \$70,262 or 6.5% from last year. The primary reason for this decrease is due to a decrease in net capital assets in the amount of \$90,438.
- Total liabilities decreased by \$7,760 or 9.5%. The primary reason for this change is due to a decrease in accounts payable PHA Projects in the amount of \$7,255.

**Housing Authority of the City of Covington
Management's Discussion and Analysis - Continued
March 31, 2018**

The table below lists the revenue and expense comparisons for the year ended March 31, 2018.

Statement of Revenues, Expenses, & Changes in Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Operating Revenues			
Tenant Revenue	\$ 126,765	\$ 132,276	4.4
HUD PHA Operating	942,734	926,332	-1.7
Total Operating Revenues	<u>1,069,499</u>	<u>1,058,608</u>	-1.0
Operating Expenses			
Administrative	236,693	224,979	-5.0
Tenant Services	1,335	3,508	162.7
Utilities	9,474	8,834	-6.8
Maintenance	107,260	85,044	-20.7
Protective Services	16,147	16,148	0.1
General	34,057	44,750	31.4
Depreciation	116,196	115,861	-0.3
Total Operating Expenses	<u>521,162</u>	<u>499,124</u>	-4.2
Operating Income (Loss)	<u>548,337</u>	<u>559,484</u>	2.0
Non-Operating Revenues (Expenses)			
Investment Income	38	115	202.6
Other Revenue	119,848	145,596	21.5
Housing Assistance Payments	(799,941)	(790,121)	-1.2
Gain (Loss) on Sale of Capital Assets	-0-	-0-	0.0
Total Non-Operating Revenues (Expenses)	<u>(680,055)</u>	<u>(644,410)</u>	-5.2
Capital Contributions	<u>1,644</u>	<u>22,424</u>	1,265.0
Change in Net Position	(130,074)	(62,502)	-52.0
Total Net Position - Beginning	<u>1,133,462</u>	<u>1,003,388</u>	-11.5
Total Net Position - Ending	\$ <u>1,003,388</u>	\$ <u>940,886</u>	-6.2

**Housing Authority of the City of Covington
Management's Discussion and Analysis - Continued
March 31, 2018**

- Operating revenues decreased by \$10,891 or 1.0 %. The primary reason for this decrease is because of a decrease in HUD operating grants in the amount of \$16,402.
- Total operating expenses decreased by \$22,038 or 4.2%. The primary reason for this decrease is due to a decrease in maintenance expense in the amount of \$22,216.
- Non-operating revenue and expenses changed by \$35,645 or 5.2%. The primary reason for this change is because of an increase in other revenue in the amount of \$25,748.
- Capital contributions increased by \$20,780 or 1265.0%.

Capital Asset & Debt Administration

Capital Assets

As of March 31, 2018, the Authority's investment in capital assets was \$920,242 (net of accumulated depreciation). This investment included land, building, building improvements, office equipment, and maintenance equipment.

Capital Assets at Year-End

	2017	2018
Land *	\$ 202,304	\$ 202,304
Buildings	2,976,306	2,991,700
Furniture & Equipment	239,267	244,156
Accumulated Depreciation	(2,407,197)	(2,517,918)
Total	\$ 1,010,680	\$ 920,242

* Land in the amount of \$202,304 is not being depreciated.

Long Term Debt

The Authority does not have any long-term liabilities at this time.

**Housing Authority of the City of Covington
Management's Discussion and Analysis - Continued
March 31, 2018**

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.

Component Units

Separate audited financial statements have been issued for the Authority's discreetly present component unit Audrey Heights Development Limited Partnership, and can be reviewed by contacting the Housing Authority's Management.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact Tammie Groover, Executive Director of the Housing Authority of the City of Covington, P.O. Box 1293, Covington, LA 70434, at (985)-898-0345.

Basic Financial Statements

**Housing Authority of the City of Covington
Covington, Louisiana
Statement of Net Position
March 31, 2018**

	Primary Government	As of 12/31/2017 Discretely Presented Component Unit	Total
ASSETS			
CURRENT ASSETS			
Cash & Investments	\$ 31,004	\$ 218,836	\$ 249,840
Receivables (Net of Allowances for Uncollectibles)	23,960	1,069	25,029
Prepaid Items	5,705	7,467	13,172
Inventories	2,957	-0-	2,957
TOTAL CURRENT ASSETS	<u>63,626</u>	<u>227,372</u>	<u>290,998</u>
RESTRICTED ASSETS			
Other Restricted Cash	17,146	-0-	17,146
Tenant Security Deposits	13,709	9,359	23,068
TOTAL RESTRICTED ASSETS	<u>30,855</u>	<u>9,359</u>	<u>40,214</u>
NON-CURRENT ASSETS			
Other Assets	-0-	51,677	51,677
Capital Assets (Net of Accumulated Depreciation)	920,242	6,554,501	7,474,743
TOTAL NON-CURRENT ASSETS	<u>920,242</u>	<u>6,606,178</u>	<u>7,526,420</u>
TOTAL ASSETS	<u>1,014,723</u>	<u>6,842,909</u>	<u>7,857,632</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	7,354	5,673	13,027
Accrued Wage/Payroll Taxes Payable	9,577	-0-	9,577
Accrued Interest Payable	-0-	5,404	5,404
Compensated Absences	3,835	-0-	3,835
Accrued Liabilities – Other	60	-0-	60
Prepaid Rent	-0-	288	288
Debt – Current Portion	-0-	19,898	19,898
Accounts Payable PHA Projects	-0-	-0-	-0-
Tenant Security Deposits (Payable from Restricted Assets)	13,709	9,359	23,068
TOTAL CURRENT LIABILITIES	<u>34,535</u>	<u>40,622</u>	<u>75,157</u>
NON-CURRENT LIABILITIES			
Compensated Absences	39,302	-0-	39,302
Long-Term Debt – Capital Projects	-0-	1,097,395	1,097,395
Other Noncurrent Debt	-0-	2,261,603	2,261,603
TOTAL NON-CURRENT LIABILITIES	<u>39,302</u>	<u>3,358,998</u>	<u>3,398,300</u>
TOTAL LIABILITIES	<u>73,837</u>	<u>3,399,620</u>	<u>3,473,457</u>
NET POSITION			
Net Investment in Capital Assets	920,242	5,437,208	6,357,450
Restricted	17,146	-0-	17,146
Unrestricted	3,498	(1,993,919)	(1,990,421)
TOTAL NET POSITION	<u>\$ 940,886</u>	<u>\$ 3,443,289</u>	<u>\$ 4,384,175</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the City of Covington
Covington, Louisiana
Statement of Revenues, Expenses, & Changes in Net Position
For the Year Ended March 31, 2018**

	<u>Primary Government</u>	<u>Year ended 12/31/2017 Discretely Presented Component Unit</u>	<u>Total</u>
OPERATING REVENUES			
Tenant Revenue	\$ 128,853	\$ 278,415	\$ 407,268
Other Tenant Revenue	3,423	13,301	16,724
HUD PHA Operating Grant	926,332	-0-	926,332
TOTAL OPERATING REVENUES	<u>1,058,608</u>	<u>291,716</u>	<u>1,350,324</u>
OPERATING EXPENSES			
Administrative Salaries	75,729	33,317	109,046
EBC Administrative	23,900	4,459	28,359
Other Operating - Administrative	125,350	62,597	187,947
Tenant Services	3,508	261	3,769
Water	1,375	2,840	4,215
Electricity	6,080	5,163	11,243
Gas	1,379	-0-	1,379
Labor	16,068	20,573	36,641
Materials	19,865	10,294	30,159
Contract Cost	47,882	64,008	111,890
Maintenance	1,229	2,753	3,982
Protective Services	15,000	-0-	15,000
EBC Protective Services	1,148	-0-	1,148
Insurance	31,949	29,022	60,971
Other General Expense	12,801	1,171	13,972
Interest Expense	-0-	124,175	124,175
<i>Depreciation</i>	115,861	206,586	322,447
TOTAL OPERATING EXPENSES	<u>499,124</u>	<u>567,219</u>	<u>1,066,343</u>
OPERATING INCOME (LOSS)	<u>559,484</u>	<u>(275,503)</u>	<u>283,981</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income (Unrestricted)	115	138	253
Other Revenue	145,596	-0-	145,596
Housing Assistance Payments	(790,121)	-0-	(790,121)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(644,410)</u>	<u>138</u>	<u>(644,272)</u>
Capital Contributions	22,424	-0-	22,424
CHANGE IN NET POSITION	<u>(62,502)</u>	<u>(275,365)</u>	<u>(337,867)</u>
TOTAL NET POSITION - BEGINNING	<u>1,003,388</u>	<u>3,718,654</u>	<u>4,722,042</u>
TOTAL NET POSITION - ENDING	<u>\$ 940,886</u>	<u>\$ 3,443,289</u>	<u>\$ 4,384,175</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the City of Covington
Covington, Louisiana
Statement of Cash Flows
For the Year Ended March 31, 2018**

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers & Users	\$ 130,541
Receipts From HUD	965,159
Payments to Employees	(104,636)
Payments to Suppliers and Others	(289,704)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>701,360</u>
CASH FLOWS FROM NONCAPITAL ACTIVITIES	
Other Revenue	145,596
Housing Assistance Payments	(790,121)
NET CASH PROVIDED (USED) BY NONCAPITAL ACTIVITIES	<u>(644,525)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants	22,424
Acquisition/Deletion of Capital Assets	(25,424)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest & Dividends Received	115
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>115</u>
NET INCREASE (DECREASE) IN CASH	53,950
CASH, BEGINNING OF YEAR	7,909
CASH, END OF YEAR	<u>61,859</u>
RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	31,004
Tenant Security Deposits	13,709
Other Restricted Cash	17,146
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 61,859</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the City of Covington
Covington, Louisiana
Statement of Cash Flows
Reconciliation
For the Year Ended March 31, 2018**

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

Operating Income (Loss)	\$ <u>559,484</u>
Depreciation Expense	115,861
(Increase) Decrease in Accounts Receivable	(2,385)
(Increase) Decrease in Accounts Receivable HUD	41,243
(Increase) Decrease in Accounts Receivable PHA Projects	(2,416)
(Increase) Decrease in Inventories	(1,738)
(Increase) Decrease in Prepaid Items	(930)
Increase (Decrease) in Accounts Payable	(2,281)
Increase (Decrease) in Accounts Payable PHA Projects	(7,255)
Increase (Decrease) in Accrued Wages/Payroll Taxes Payable	38
Increase (Decrease) in Compensated Absences	2,123
Increase (Decrease) in Tenant Security Deposits	650
Increase (Decrease) in Accrued Liabilities-Other	(1,034)
Increase (Decrease) in Prepaid Rents	-0-
TOTAL ADJUSTMENTS	<u>141,876</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES \$ 701,360

LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES

Contributions of Capital Assets From Government \$ -0-

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

**Housing Authority of the City of Covington
Covington, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
March 31, 2018**

INTRODUCTION

The Housing Authority of the City of Covington is an apartment complex for persons of low income located in Covington, 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 City of Covington, 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 Covington, Louisiana. Each member serves a five-year term. 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 City of Covington because the City of Covington appoints a voting majority of the housing authority's governing board. The City of Covington 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 City of Covington. Accordingly, the housing authority is not a component unit of the financial reporting entity of the City of Covington.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

**Housing Authority of the City of Covington
Covington, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
March 31, 2018**

The GASB has set forth criteria to be considered in determining financial accountability, which includes:

- 1.) Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2.) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3.) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that the following component units should be considered as part of the Housing Authority reporting entity.

Audrey Heights Development Limited Partnership is a legally separate entity. The Managing General Partner of the Partnership is Covington Community Corporation, Inc, a not-for-profit corporation. The Board of Directors of Covington Community Corporation, Inc. consists entirely of the Board of Commissioners of the Housing Authority, which provides the Housing Authority with a voting majority of the governing body of the Partnership. In addition, there is the potential for the Partnership to impose financial burden on the Housing Authority. Based on the above, the Partnership and Covington Community Corporation, Inc. are considered to be component units. Copies of the audit reports for these component units may be obtained from the Housing Authority.

The governing body of the Housing Authority is considered to have complete control over Covington Community Corporation, Inc, but not complete control over the Partnership. As a result, Covington Community Corporation, Inc. is included in the Housing Authority's financial statements as a blended entity, and the Partnership is included in the Housing Authority's financial statements through discrete presentation. The financial position and changes in net position of the Partnership is presented as of and for the year ended December 31, 2017. Separate financial statements of the Partnership were issued for calendar year ended December 31, 2017.

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 Changes in Net Position) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Inter-fund activity has been removed from these statements. The housing authority uses enterprise funds to account for its activities.

**Housing Authority of the City of Covington
Covington, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
March 31, 2018**

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

The basic financial statements are reported using the economic resources measurement focus and 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 housing authority reports the following major proprietary funds:

The Enterprise Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority.

As a general rule, the effect of Inter-fund 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.

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The statement of cash flows does not include the Directly Presented Component Unit because the other auditor prepared the statement using the indirect method which doesn't conform with the Authority's Financial Statements.

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.

**Housing Authority of the City of Covington
Covington, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
March 31, 2018**

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”.

D. DEPOSITS & INVESTMENTS

The housing authority’s cash is considered to be cash on hand and demand deposits. State law and the housing authority’s investment policy allow the housing authority to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

The housing authority had no investments as of March 31, 2018.

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 Inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of Inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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

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 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.

**Housing Authority of the City of Covington
Covington, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
March 31, 2018**

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:

Description	Estimated Lives
Land improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment	3-5 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. Employee's time is accumulated in accordance to hours worked per month. At year-end, time not used is accumulated.

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. 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.

**Housing Authority of the City of Covington
Covington, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
March 31, 2018**

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

At March 31, 2018, the housing authority had cash (bank balances) totaling \$68,137 as follows:

JP Morgan Chase	\$ 68,137
Total	<u>\$ 68,137</u>

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.

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.

**Housing Authority of the City of Covington
Covington, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
March 31, 2018**

Amounts on deposit are secured by the following pledges:

Description	Market Value
FDIC (Category 1)	\$ 68,137
Securities (Category 2)	-0-
Uncollateralized (Category 3)	-0-
Total	\$ 68,137

All deposits were fully secured at March 31, 2018.

The following represents Restricted Cash:

Other Restricted Cash	\$ 17,146
Tenant Security Deposits	13,709
Total Restricted Cash	\$ 30,855

Other Restricted Cash represents funds designated to be paid to lessors and or tenants in Section 8 Program or Disaster Housing Assistance Program (DHAP).

3. RECEIVABLES

The receivables (net of allowance for doubtful accounts) were \$23,960 as of March 31, 2018. The receivables are as follows:

A/R HUD	\$ 16,494
A/R PHA Projects	2,466
Other Receivables	5,000
Allowance	-0-
Total	\$ 23,960

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended March 31, 2018, for the primary government is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land *	\$ 202,304	\$ -0-	\$ -0-	\$ 202,304
Buildings	2,976,306	12,395	2,999	2,991,700
Furniture & Equipment, Etc.	239,267	10,029	(5,140)	244,156
Total	3,417,877	22,424	(2,141)	3,438,160
Less Accumulated Depreciation	(2,407,197)	(115,861)	5,140	(2,517,918)
Net Capital Assets	\$ 1,010,680	\$ (93,437)	\$ 2,999	\$ 920,242

* Land in the amount of \$202,304 is not being depreciated.

**Housing Authority of the City of Covington
Covington, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
March 31, 2018**

5. RETIREMENT PLANS

On June 23, 2004, the Board of Commissioners of the housing authority, by resolution, approved the establishment of a retirement plan, the Housing Renewal and Local Agency Retirement Plan (the plan), under Code Section 401(a) effective July 1, 2004. The plan is for the benefit of all regular (forty hours a week) full time employees. The rate of employer contribution is 6% of employee's base rate of pay. The total payroll for the year was \$106,788, with covered payroll of \$81,000 and the housing authority contribution of \$4,860 for the year ended March 31, 2018.

6. ACCOUNTS, SALARIES & OTHER PAYABLES

The payables of \$20,826 at March 31, 2018, are as follows:

Accounts Payable Vendors/Contractors	\$	7,354
Accrued Wages/Payroll Taxes Payable		9,577
Accrued Liabilities - Other		60
Accrued Compensated Absences - Current		3,835
Total	\$	<u>20,826</u>

7. COMPENSATED ABSENCES

At March 31, 2018, employees of the PHA have accumulated and vested \$43,137 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at March 31, 2018, was \$3,835 recorded as current obligation and \$39,302 recorded as non-current obligation.

		<u>Current</u>		<u>Noncurrent</u>		<u>Total</u>
Beginning of year	\$	4,077	\$	36,938	\$	41,015
Additions/(Deletions)		<u>(242)</u>		<u>2,364</u>		<u>2,122</u>
End of year	\$	<u>3,835</u>	\$	<u>39,302</u>	\$	<u>43,137</u>

8. CONTINGENT LIABILITIES

At March 31, 2018, 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 City of Covington
Covington, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
March 31, 2018**

9. 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 \$926,332 to the housing authority, represents approximately 90% of the housing authority's revenue for the year.

10. RESTRICTED NET POSITION

Restricted net position represents funds designated to be paid to lessors and or tenants in Section 8 Program.

Supplementary Information

**Housing Authority of the City of Covington
Covington, Louisiana**

**Schedule of Compensation Paid to Commissioners
For the Year Ended March 31, 2018**

Commissioners	Title
Ella Mae Selmon	Chairperson
Della Perkins	Commissioner
Bonnie Andrus	Commissioner
Nino V. Covington	Commissioner
Mary Ann Pierre	Commissioner

The commissioners receive no compensation.

**Housing Authority of the City of Covington
Covington, Louisiana**

**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended March 31, 2018**

Tammie Groover, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 81,000
Benefits-Insurance	8,679
Benefits-Retirement	4,860
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	350
Reimbursements	475
Travel	-0-
Registration Fees	150
Conference Travel	350
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 auditors report.

**HOUSING AUTHORITY OF THE CITY OF COVINGTON
COVINGTON, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2018**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>
<i>Other Programs</i>			
Department of Housing and Urban Development Direct Programs			
Public Housing Capital Fund	14.872		51,297
<i>Total Department of Housing and Urban Development</i>			<u>51,297</u>
Department of Housing and Urban Development Direct Programs			
Public and Indian Housing	14.850		115,378
<i>Total Department of Housing and Urban Development</i>			<u>115,378</u>
Department of Housing and Urban Development Direct Programs			
Section 8 Housing Choice Vouchers	14.871		782,081
<i>Total Department of Housing and Urban Development</i>			<u>782,081</u>
<i>Total Other Programs</i>			<u>948,756</u>
<i>Total Expenditures of Federal Awards</i>			<u>948,756</u>

**HOUSING AUTHORITY OF THE CITY OF COVINGTON
COVINGTON, LOUISIANA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2018**

Single Audit Requirements:

Note A – Uniform Guidance

The Office of Management and Budget “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule” was released in the Federal Register on December 26, 2013 (2 CFR Chapter I, Chapter II, Part 200, et al.). This guidance supersedes requirements from OMB Circulars A-21, A-87, A-110, and A-122 (which have been placed in 2 C.F.R. Parts 220, 225, 215, and 230); Circulars A-89, A-102, and A-133; and the guidance in Circular A-50 on Single Audit Act follow-up.” The new requirements state that an entity expending \$750,000 or more of federal funds adhere to the Uniform Requirements.

The funds used to account for these funds use the accrual basis of accounting.

1.) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2.) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority’s basic financial statements.

3.) Relationship To Basic Financial Statements

Federal award revenues are reported in the Housing Authority’s basic financial statements as follows:

Public & Indian Housing	\$	115,378
Section 8		782,081
Capital Fund Grant		51,297
Total	\$	<u>948,756</u>

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with U.S. generally accepted accounting principles.

4.) Federal Awards

In accordance with HUD Notice PIH 98-14, “federal awards” do not include the Housing Authority’s operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be “expended” during the fiscal year.

Presented for purposes of additional analysis only.

**Housing Authority of the City of Covington
Covington, Louisiana**

**Statement and Certification of Actual Modernization Cost
Annual Contribution Contract**

	Complete CFP Project 501-16	Incomplete CFP Project 501-17	Total
	<u> </u>	<u> </u>	<u> </u>
1. The Actual Modernization Costs Are As Follows:			
Funds Approved	\$ 57,187	\$ 57,272	\$ 114,459
Funds Expended	<u>(57,187)</u>	<u>(42,103)</u>	<u>(99,290)</u>
Excess of Funds Approved	<u>-0-</u>	<u>15,169</u>	<u>15,169</u>
2. Funds Advanced	57,187	31,803	88,990
Funds Expended	<u>(57,187)</u>	<u>(42,103)</u>	<u>(99,290)</u>
Excess of Funds Advanced	<u>\$ -0-</u>	<u>\$ (10,300)</u>	<u>\$ (10,300)</u>

See independent auditors report.



Other Reports

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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
City of Covington
Covington, 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 City of Covington, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Covington’s basic financial statements, and have issued our report thereon dated July 31, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal

control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identifies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Covington's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
July 31, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Housing Authority of the
City of Covington
Covington, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Covington's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Covington's major federal programs for the year ended March 31, 2018. The Housing Authority of the City of Covington's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Covington, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information and use of management, the Legislator Auditor, and federal awarding agencies 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
July 31, 2018

**HOUSING AUTHORITY OF THE CITY OF COVINGTON
COVINGTON, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended March 31, 2018**

Section II - Financial Statement Findings

No items to report.

Section III – Federal Awards Findings and Questioned Cost

No items to report.

**HOUSING AUTHORITY OF THE CITY OF COVINGTON
COVINGTON, LOUISIANA**

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

FINDINGS:

No items to report.

**HOUSING AUTHORITY OF THE CITY OF COVINGTON
COVINGTON, LOUISIANA**

**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 City of Covington, 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 March 31, 2017.

PRIOR YEAR FINDINGS

2017-1 Restricted Cash for Tenant Security Deposits (Resolved)

Condition: The Housing Authority had tenant security deposits of \$13,059 as of March 31, 2017, and \$0 amount of cash restricted for this liability.

Criteria: Cash is restricted for the amount of tenant security deposits.

Cause of Condition: Not enough cash in low rent checking account.

Potential Effect of Condition: Incorrect reporting of unrestricted and restricted cash.

Recommendation: The Housing Authority should restrict cash for the amount of tenant security deposits.

Client Response: The Housing authority restricts cash for the amount of the tenant security deposits.

2017-2 Expenses Paid by Housing Authority on Behalf of Audrey Heights (Component Unit) (Resolved)

Condition: During an inspection of a random sample of expenditures, the auditor found that the Covington Housing Authority paid expenses on behalf of Audrey Heights, a component unit of Covington Housing Authority. Audrey Heights reimbursed the Covington Housing Authority for the expenses.

Criteria: Good internal controls require that an entity not pay the expenses of another entity even when that entity is reimbursed for the expenses.

Cause of Condition: Audrey Heights, the component unit, needed emergency repairs or purchases that would require several days for the management of Audrey Heights to make.

Potential Effect of Condition: Significant internal control finding.

Recommendation: Audrey Heights should issue a credit card or local charge account in Audrey Heights name to the executive director of Covington Housing Authority to allow emergency purchases to be made.

**HOUSING AUTHORITY OF THE CITY OF COVINGTON
COVINGTON, LOUISIANA**

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

PRIOR YEAR FINDINGS CONTINUED

Client Response: The Covington Housing Authority has previously assisted Audrey Heights in extreme situations in order to ensure that safe housing standards were met. Audrey Heights has always reimbursed in a timely manner. This practice was discontinued in August 2016 when it was brought to management's attention. Audrey Heights now has their own credit card that is used in emergency situations.

2017-3 Payroll Tax Deposits (Resolved)

Condition: The housing authority is paying its payroll taxes quarterly with forms 941.

Criteria: The housing authority pays more than \$2,500 per quarter in payroll taxes, thus is a monthly payroll tax depositor.

Cause of Condition: Not making monthly payroll tax deposits.

Potential Effect of Condition: IRS penalties

Recommendation: The housing authority should make payroll tax payment deposits monthly.

Client Response: The housing authority began making payroll tax payment deposits monthly.

2017-4 Deficit Administrative Fee Equity in Section 8 Program (Resolved)

Condition: At March 31, 2017, the Housing Choice Vouchers Program (Section 8) had deficit administrative fee equity of (\$29,224).

Criteria: Housing assistance payments (HAP) may not be used to cover administration expenses nor may HAP (including RNP) be loaned, advanced, or transferred to other component units or other programs such as Public and Indian Housing (Low Rent) (CFDA 14.850) (24 CFR sections 982.151 and 982.152).

Cause of Condition: Not enough cash in Housing Choice Vouchers Program (Section 8) to cover expenditures.

Potential Effect of Condition: Special tests compliance violation.

Recommendation: The Housing Authority should correct the deficit administrative fee equity.

Client Response: The Housing Authority has corrected the deficit administrative fee equity during fiscal year ended March 31, 2018.

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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Housing Authority's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2018-1 Executive Director Employment Contract

Condition: The executive director's employment contract is outdated and has been amended at least twice by the board.

Criteria: The executive director's employment contract (approved by the board) should state clearly what compensation, annual adjustments and benefits will be paid to the executive director.

Cause of Condition: Outdated employment contract.

Potential Effect of Condition Incorrect salary and benefit payments to and on behalf of the executive director.

Recommendation: We recommend the board adopt a new employment contract with the executive director that states clearly what compensation, annual adjustments and benefits will be paid to or on behalf of the executive director.

Client Response: Due to extraordinary medical circumstances of the executive director, there was a delay in the adoption of a new contract. The board will adopt a new employment contract with the executive director that states clearly what compensation, annual adjustments and benefits will be paid to or on behalf of the executive director.

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AGREED-UPON PROCEDURES REPORT Covington Housing Authority

Independent Accountant's Report On Applying Agreed-Upon Procedures

Housing Authority of the City of Covington
Covington, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable".

Management of Covington Housing Authority is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of Covington Housing Authority (Entity) and the Legislative Auditor, State of Louisiana, (LLA) solely to assist the users in assessing certain controls and in evaluating management's assertions about Covington Housing Authority's compliance with certain laws and regulations during the period of April 1, 2017, through March 31, 2018, in accordance with Act 774 of 2014 Regular Legislative Session.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Audited 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.

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, as applicable:

- **Receipts**, including receiving, recording, and preparing deposits.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **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 the entity's written policies and procedures and observed that they addressed all of the above categories except debt service.

Exception: The entity's policies and procedures manual does not address debt service.

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

Partnership

1. Obtain a copy of the partnership agreement between the Covington Housing Authority and the Housing Authority of Covington – Audrey Heights Development LP.
2. Obtain a listing of all transactions (e.g. revenues and expenses) between the Covington Housing Authority and the Housing Authority of Covington - Audrey Heights Development LP or, alternately, obtain the general ledger and sort/filter for all transactions between the Covington Housing Authority and the Housing Authority of Covington - Audrey Heights Development LP. Obtain management's representation that the listing or general ledger is complete.
3. Using the listing or general ledger from #2 above, obtain supporting documentation and trace each transaction to the terms of the partnership agreement. Report any transaction that is not permitted under the terms of the partnership agreement.

Observation: We obtained a copy of the partnership agreement between the Covington Housing Corporation and Audrey Heights Development LP. We obtained the general ledger for all transactions and managements representation that the ledger is complete. We did not find any transactions between the entities other that HAP payments for approved tenants. Inquiry of personnel found that the Housing Authority made no payments on behalf of its component unit Audrey Heights.

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

1. Obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee 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.
2. 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, 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 above, as applicable.
 - c) Observe that the disbursement was not made on behalf of the Housing Authority of Covington - Audrey Heights Development LP.

Observation: We obtained a listing of those employees involved with non-payroll purchasing and payment functions and obtained written policies and procedures relating to employee job duties and observe that job duties are properly segregated such that:

At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At least two employees are involved in processing and approving payments to vendors.

The employee responsible for processing payments is not prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee/official responsible for signing checks gives the signed checks to an employee to mail who is not responsible for processing payments.

Exception: The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

Management's Response: The entity's board approves all payments and all checks are co-signed by the board chair.

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

1. 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: Management provided a list of 2 credit cards, Visa and Home Depot, and a representation that the list is complete.

2. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Select the December 2017 and January 2018 monthly statement or combined statement for each card (for a debit card, select the December 2017 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.

Observation: The monthly statements were reviewed and approved (by co-signing check) by the board chair.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Observation: The Visa statements had finance charges of \$15.49 and \$32.73 respectively for December 2017 and January 2018.

Exception: There were finance charges on the 2 Visa statements reviewed.

Management's Response: Management will attempt to pay Visa statements earlier to avoid finance charges.

3. Using the monthly statements or combined statements selected under #2 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). Also, for each transaction, observe that the charge was not made on behalf of the Housing Authority of Covington - Audrey Heights Development LP.

Observation: Each transaction observed was 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 (the board). None of the transactions were made on behalf of the component unit, Audrey Heights Development LP.

Payroll and Personnel

1. Obtain a listing of staff employed during the fiscal period and management's representation that the listing is complete. Select the Executive Director and randomly select 4 other employees, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Observation: We selected the March 2018 pay period and tested all employees (2 employees) for the pay period. We obtained management's representation that the list is complete. We obtained personnel files and agreed paid salaries to authorized salaries/pay rates in the personnel files.

2. Randomly select one pay period during the fiscal period. For the 5 employees selected under #1 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- b) Observe that a supervisor or board member approved the attendance and leave of the selected employees.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observation: All employees documented their daily attendance (except salaried executive director) and leave records are documented each month. The executive director's salary is approved by the board through an employment contract and the maintenance employee's time records are approved by the executive director. We reviewed the accrued leave records maintained by the entity.

Exception: We were unable to agree the executive director's base salary and benefits to the employment contract and amendments.

Management's Response: The board is currently working on a new employment contract with the executive director which will address the above concerns.

Non-Capitalized Asset Disposal (e.g. appliances, air conditioners)

1. Obtain and inspect the entity's written policies and procedures over disposal/surplus of non-capitalized assets (e.g. appliances, air conditioners) and observe that they address the following: 1) criteria for disposal/surplus of non-capitalized assets, (2) requirement for disposal requisition or equivalent documentation, to include reason for disposal, asset description, apartment/tenant identification, and determination if replacement cost is billable to tenant, and (3) review and approval in writing of disposal/surplus requisition or equivalent documentation by someone other than person initiating the asset disposal/surplus request.

Observation: We obtained the entity's written policies and procedures of asset management and found that it did address 1) criteria for disposal/surplus of non-capitalized assets, (2) requirement for disposal requisition or equivalent documentation and (3) review and approval in writing of disposal/surplus requisition or equivalent documentation by someone other than person initiating the asset disposal/surplus request.

2. Obtain a listing of non-capitalized assets disposed/surpluses during the fiscal period, or alternately obtain all disposal requisitions/equivalent documentation for the fiscal period. Obtain management's representation that the listing or population of requisitions/equivalent documentation is complete.

Observation: Management represented that there were no non-capitalized asset disposals during the fiscal year.

3. Randomly select 20 assets from procedure #2 and observe that the entity followed those best practices identified in procedure #1 (regardless of whether the practices were formalized in written policies and procedures).

Not Applicable

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 control and compliance areas identified in the Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might 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 control and compliance areas identified in the Agreed-Upon Procedures, 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 Statue 24:513, this report is distributed by the LLA as a public document.

The Vercher Group

Jena, Louisiana
July 31, 2018

FINANCIAL DATA SCHEDULE

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	Subtotal	ELIM
111 Cash - Unrestricted	\$22,196	\$8,808	\$218,836	\$249,840	
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$17,146		\$17,146	
114 Cash - Tenant Security Deposits	\$13,709		\$9,359	\$23,068	
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$35,905	\$25,954	\$228,195	\$290,054	
121 Accounts Receivable - PHA Projects		\$2,466		\$2,466	
122 Accounts Receivable - HUD Other Projects	\$16,494			\$16,494	
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$3,250	\$1,750		\$5,000	
126 Accounts Receivable - Tenants			\$1,069	\$1,069	
126.1 Allowance for Doubtful Accounts -Tenants			\$0	\$0	
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	\$19,744	\$4,216	\$1,069	\$25,029	

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$3,538	\$2,167	\$7,467	\$13,172	
143 Inventories	\$2,957			\$2,957	

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	Subtotal	ELIM
143.1 Allowance for Obsolete Inventories	\$0			\$0	
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$62,144	\$32,337	\$236,731	\$331,212	
161 Land	\$202,304		\$753,490	\$955,794	
162 Buildings	\$2,991,700		\$7,238,005	\$10,229,705	
163 Furniture, Equipment & Machinery - Dwellings	\$54,879		\$211,747	\$266,626	
164 Furniture, Equipment & Machinery - Administration	\$177,881	\$11,396		\$189,277	
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$2,506,522	-\$11,396	-\$1,648,741	-\$4,166,659	
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$920,242	\$0	\$6,554,501	\$7,474,743	

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets			\$51,677	\$51,677	
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$920,242	\$0	\$6,606,178	\$7,526,420	
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$982,386	\$32,337	\$6,842,909	\$7,857,632	

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	Subtotal	ELIM
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$4,286	\$3,068	\$5,673	\$13,027	
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$8,913	\$664		\$9,577	
322 Accrued Compensated Absences - Current Portion	\$2,991	\$844		\$3,835	
324 Accrued Contingency Liability					
325 Accrued Interest Payable			\$5,404	\$5,404	
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

300 Total Liabilities	\$60,615	\$13,222	\$3,399,620	\$3,473,457	
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$920,242		\$5,437,208	\$6,357,450	
511.4 Restricted Net Position		\$17,146		\$17,146	
512.4 Unrestricted Net Position	\$1,529	\$1,969	-\$1,993,919	-\$1,990,421	
513 Total Equity - Net Assets / Position	\$921,771	\$19,115	\$3,443,289	\$4,384,175	
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$982,386	\$32,337	\$6,842,909	\$7,857,632	

	Total
111 Cash - Unrestricted	\$249,840
112 Cash - Restricted - Modernization and Development	
113 Cash - Other Restricted	\$17,146
114 Cash - Tenant Security Deposits	\$23,068
115 Cash - Restricted for Payment of Current Liabilities	
100 Total Cash	\$290,054
121 Accounts Receivable - PHA Projects	\$2,466
122 Accounts Receivable - HUD Other Projects	\$16,494
124 Accounts Receivable - Other Government	

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

125 Accounts Receivable - Miscellaneous	\$5,000
126 Accounts Receivable - Tenants	\$1,069
126.1 Allowance for Doubtful Accounts -Tenants	\$0
126.2 Allowance for Doubtful Accounts - Other	\$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	\$25,029
131 Investments - Unrestricted	
132 Investments - Restricted	
135 Investments - Restricted for Payment of Current Liability	
142 Prepaid Expenses and Other Assets	\$13,172
143 Inventories	\$2,957
143.1 Allowance for Obsolete Inventories	\$0

	Total
144 Inter Program Due From	
145 Assets Held for Sale	
150 Total Current Assets	\$331,212

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

161 Land	\$955,794
162 Buildings	\$10,229,705
163 Furniture, Equipment & Machinery - Dwellings	\$266,626
164 Furniture, Equipment & Machinery - Administration	\$189,277
165 Leasehold Improvements	
166 Accumulated Depreciation	-\$4,166,659
167 Construction in Progress	
168 Infrastructure	
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,474,743
171 Notes, Loans and Mortgages Receivable - Non-Current	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	
173 Grants Receivable - Non Current	
174 Other Assets	\$51,677
176 Investments in Joint Ventures	
180 Total Non-Current Assets	\$7,526,420
200 Deferred Outflow of Resources	
290 Total Assets and Deferred Outflow of Resources	\$7,857,632
311 Bank Overdraft	

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Total
312 Accounts Payable <= 90 Days	\$13,027
313 Accounts Payable >90 Days Past Due	
321 Accrued Wage/Payroll Taxes Payable	\$9,577
322 Accrued Compensated Absences - Current Portion	\$3,835
324 Accrued Contingency Liability	
325 Accrued Interest Payable	\$5,404
331 Accounts Payable - HUD PHA Programs	
332 Account Payable - PHA Projects	
333 Accounts Payable - Other Government	
341 Tenant Security Deposits	\$23,068
342 Unearned Revenue	\$288
343 Current Portion of Long-term Debt - Capital	\$19,898
344 Current Portion of Long-term Debt - Operating Borrowings	
345 Other Current Liabilities	
346 Accrued Liabilities - Other	\$60
347 Inter Program - Due To	
348 Loan Liability - Current	
310 Total Current Liabilities	\$75,157
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$1,097,395

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

352 Long-term Debt, Net of Current - Operating Borrowings	
353 Non-current Liabilities - Other	\$2,261,603
354 Accrued Compensated Absences - Non Current	\$39,302
355 Loan Liability - Non Current	
356 FASB 5 Liabilities	
357 Accrued Pension and OPEB Liabilities	

	Total
350 Total Non-Current Liabilities	\$3,398,300
300 Total Liabilities	\$3,473,457
400 Deferred Inflow of Resources	
508.4 Net Investment in Capital Assets	\$6,357,450
511.4 Restricted Net Position	\$17,146
512.4 Unrestricted Net Position	-\$1,990,421
513 Total Equity - Net Assets / Position	\$4,384,175
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$7,857,632

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	Subtotal	ELIM
70300 Net Tenant Rental Revenue	\$128,853		\$278,415	\$407,268	
70400 Tenant Revenue - Other	\$3,423		\$13,301	\$16,724	
70500 Total Tenant Revenue	\$132,276	\$0	\$291,716	\$423,992	\$0
70600 HUD PHA Operating Grants	\$144,251	\$782,081		\$926,332	
70610 Capital Grants	\$22,424			\$22,424	
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue				\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$26	\$89	\$138	\$253	
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	\$36,469	\$109,127		\$145,596	

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$335,446	\$891,297	\$291,854	\$1,518,597	\$0
91100 Administrative Salaries	\$52,907	\$22,822	\$33,317	\$109,046	

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	Subtotal	ELIM
91200 Auditing Fees	\$7,075	\$8,743	\$7,000	\$22,818	
91300 Management Fee			\$43,088	\$43,088	
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$386		\$1,897	\$2,283	
91500 Employee Benefit contributions - Administrative	\$15,876	\$8,024	\$4,459	\$28,359	
91600 Office Expenses	\$53,968	\$15,020	\$5,837	\$74,825	
91700 Legal Expense	\$740		\$853	\$1,593	
91800 Travel	\$3,709	\$661		\$4,370	
91810 Allocated Overhead					
91900 Other	\$27,210	\$7,838	\$3,922	\$38,970	
91000 Total Operating - Administrative	\$161,871	\$63,108	\$100,373	\$325,352	\$0
92000 Asset Management Fee					
92100 Tenant Services - Salaries	\$200			\$200	
92200 Relocation Costs					

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$3,308		\$261	\$3,569	
92500 Total Tenant Services	\$3,508	\$0	\$261	\$3,769	\$0
93100 Water	\$1,375		\$2,840	\$4,215	
93200 Electricity	\$6,080		\$5,163	\$11,243	
93300 Gas	\$1,379			\$1,379	
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	Subtotal	ELIM
93800 Other Utilities Expense					
93000 Total Utilities	\$8,834	\$0	\$8,003	\$16,837	\$0
94100 Ordinary Maintenance and Operations - Labor	\$16,068		\$20,573	\$36,641	
94200 Ordinary Maintenance and Operations - Materials and	\$19,865		\$10,294	\$30,159	
94300 Ordinary Maintenance and Operations Contracts	\$47,882		\$64,008	\$111,890	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,229		\$2,753	\$3,982	
94000 Total Maintenance	\$85,044	\$0	\$97,628	\$182,672	\$0

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

95100 Protective Services - Labor	\$15,000			\$15,000	
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services	\$1,148			\$1,148	
95000 Total Protective Services	\$16,148	\$0	\$0	\$16,148	\$0
96110 Property Insurance	\$18,840		\$27,565	\$46,405	
96120 Liability Insurance	\$5,987	\$905		\$6,892	
96130 Workmen's Compensation			\$1,457	\$1,457	
96140 All Other Insurance	\$6,217			\$6,217	
96100 Total insurance Premiums	\$31,044	\$905	\$29,022	\$60,971	\$0
96200 Other General Expenses		\$160	\$680	\$840	
96210 Compensated Absences	\$9,860	\$2,781		\$12,641	
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents			\$491	\$491	
96500 Bad debt - Mortgages					
	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	Subtotal	ELIM
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$9,860	\$2,941	\$1,171	\$13,972	\$0

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

96710 Interest of Mortgage (or Bonds) Payable			\$121,332	\$121,332	
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs			\$2,843	\$2,843	
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$124,175	\$124,175	\$0
96900 Total Operating Expenses	\$316,309	\$66,954	\$360,633	\$743,896	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$19,137	\$824,343	-\$68,779	\$774,701	\$0
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$715,725		\$715,725	
97350 HAP Portability-In		\$74,396		\$74,396	
97400 Depreciation Expense	\$115,861		\$206,586	\$322,447	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$432,170	\$857,075	\$567,219	\$1,856,464	\$0
10010 Operating Transfer In	\$11,437			\$11,437	-\$11,437
10020 Operating transfer Out	-\$11,437			-\$11,437	\$11,437

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	Subtotal	ELIM
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	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$96,724	\$34,222	-\$275,365	-\$337,867	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$18,534	\$18,534	
11030 Beginning Equity	\$1,018,495	-\$15,107	\$3,718,654	\$4,722,042	
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0			\$0	
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

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		\$1,969		\$1,969	
11180 Housing Assistance Payments Equity		\$17,146		\$17,146	

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	Subtotal	ELIM
11190 Unit Months Available	581	1191	432	2204	
11210 Number of Unit Months Leased	581	1163	405	2149	
11270 Excess Cash	\$784			\$784	
11610 Land Purchases	\$0			\$0	
11620 Building Purchases	\$12,395			\$12,395	
11630 Furniture & Equipment - Dwelling Purchases	\$10,029			\$10,029	
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	
11650 Leasehold Improvements Purchases	\$0			\$0	
11660 Infrastructure Purchases	\$0			\$0	
13510 CFFP Debt Service Payments	\$0			\$0	
13901 Replacement Housing Factor Funds	\$0			\$0	

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Total
70300 Net Tenant Rental Revenue	\$407,268
70400 Tenant Revenue - Other	\$16,724
70500 Total Tenant Revenue	\$423,992
70600 HUD PHA Operating Grants	\$926,332
70610 Capital Grants	\$22,424
70710 Management Fee	
70720 Asset Management Fee	
70730 Book Keeping Fee	
70740 Front Line Service Fee	
70750 Other Fees	
70700 Total Fee Revenue	\$0
70800 Other Government Grants	
71100 Investment Income - Unrestricted	\$253
71200 Mortgage Interest Income	
71300 Proceeds from Disposition of Assets Held for Sale	
71310 Cost of Sale of Assets	
71400 Fraud Recovery	
71500 Other Revenue	\$145,596

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

71600 Gain or Loss on Sale of Capital Assets	
72000 Investment Income - Restricted	
70000 Total Revenue	\$1,518,597
91100 Administrative Salaries	\$109,046
91200 Auditing Fees	\$22,818

	Total
91300 Management Fee	\$43,088
91310 Book-keeping Fee	
91400 Advertising and Marketing	\$2,283
91500 Employee Benefit contributions - Administrative	\$28,359
91600 Office Expenses	\$74,825
91700 Legal Expense	\$1,593
91800 Travel	\$4,370
91810 Allocated Overhead	
91900 Other	\$38,970
91000 Total Operating - Administrative	\$325,352
92000 Asset Management Fee	
92100 Tenant Services - Salaries	\$200
92200 Relocation Costs	

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

92300 Employee Benefit Contributions - Tenant Services	
92400 Tenant Services - Other	\$3,569
92500 Total Tenant Services	\$3,769
93100 Water	\$4,215
93200 Electricity	\$11,243
93300 Gas	\$1,379
93400 Fuel	
93500 Labor	
93600 Sewer	
93700 Employee Benefit Contributions - Utilities	
93800 Other Utilities Expense	

	Total
93000 Total Utilities	\$16,837
94100 Ordinary Maintenance and Operations - Labor	\$36,641
94200 Ordinary Maintenance and Operations - Materials and	\$30,159
94300 Ordinary Maintenance and Operations Contracts	\$111,890
94500 Employee Benefit Contributions - Ordinary Maintenance	\$3,982
94000 Total Maintenance	\$182,672

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

95100 Protective Services - Labor	\$15,000
95200 Protective Services - Other Contract Costs	
95300 Protective Services - Other	
95500 Employee Benefit Contributions - Protective Services	\$1,148
95000 Total Protective Services	\$16,148
96110 Property Insurance	\$46,405
96120 Liability Insurance	\$6,892
96130 Workmen's Compensation	\$1,457
96140 All Other Insurance	\$6,217
96100 Total insurance Premiums	\$60,971
96200 Other General Expenses	\$840
96210 Compensated Absences	\$12,641
96300 Payments in Lieu of Taxes	
96400 Bad debt - Tenant Rents	\$491
96500 Bad debt - Mortgages	
96600 Bad debt - Other	
	Total
96800 Severance Expense	
96000 Total Other General Expenses	\$13,972

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

96710 Interest of Mortgage (or Bonds) Payable	\$121,332
96720 Interest on Notes Payable (Short and Long Term)	
96730 Amortization of Bond Issue Costs	\$2,843
96700 Total Interest Expense and Amortization Cost	\$124,175
96900 Total Operating Expenses	\$743,896
97000 Excess of Operating Revenue over Operating Expenses	\$774,701
97100 Extraordinary Maintenance	
97200 Casualty Losses - Non-capitalized	
97300 Housing Assistance Payments	\$715,725
97350 HAP Portability-In	\$74,396
97400 Depreciation Expense	\$322,447
97500 Fraud Losses	
97600 Capital Outlays - Governmental Funds	
97700 Debt Principal Payment - Governmental Funds	
97800 Dwelling Units Rent Expense	
90000 Total Expenses	\$1,856,464
10010 Operating Transfer In	\$0
10020 Operating transfer Out	\$0
10030 Operating Transfers from/to Primary Government	

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$337,867
11020 Required Annual Debt Principal Payments	\$18,534
11030 Beginning Equity	\$4,722,042
11040 Prior Period Adjustments, Equity Transfers and Correction	\$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	

Housing Authority of City of Covington (LA238)
 COVINGTON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

11090 Changes in Allowance for Doubtful Accounts - Dwelling	
11100 Changes in Allowance for Doubtful Accounts - Other	
11170 Administrative Fee Equity	\$1,969
11180 Housing Assistance Payments Equity	\$17,146
11190 Unit Months Available	2204

	Total
11210 Number of Unit Months Leased	2149
11270 Excess Cash	\$784
11610 Land Purchases	\$0
11620 Building Purchases	\$12,395
11630 Furniture & Equipment - Dwelling Purchases	\$10,029
11640 Furniture & Equipment - Administrative Purchases	\$0
11650 Leasehold Improvements Purchases	\$0
11660 Infrastructure Purchases	\$0
13510 CFFP Debt Service Payments	\$0
13901 Replacement Housing Factor Funds	\$0