

**HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA**

**TWELVE MONTHS ENDED SEPTEMBER 30, 2018**

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

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MIKE ESTES, CPA

**MIKE ESTES, P.C.**  
A PROFESSIONAL ACCOUNTING CORPORATION  
4040 FOSSIL CREEK BLVD. – SUITE 100  
FORT WORTH, TEXAS 76137

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Phone (817) 831-3553  
Fax (817) 831-3558  
e-mail: [office@mikeestepc.com](mailto:office@mikeestepc.com)  
website: [mikeestepc.com](http://mikeestepc.com)

MEMBER OF THE  
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ACCOUNTANTS  
and the  
AICPA GOVERNMENTAL  
AUDIT QUALITY CENTER

Independent Auditor's Report

Board of Commissioners  
Housing Authority of Lake Providence  
Lake Providence, Louisiana

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Housing Authority of the Town of Lake Providence, Louisiana as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of Lake Providence basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Town of Lake Providence, Louisiana, as of September 30, 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.

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

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

### ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Managements' Discussion and Analysis on pages 4 to 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

The statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, and other information as listed on the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement and certification of actual modernization costs, statement of modernization-uncompleted, financial data schedules, and other information as listed on the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019 on our consideration of the Housing Authority of the Town of Lake Providence, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Audit Standards* in considering the Housing Authority of the Town of Lake Providence, Louisiana's internal control over financial reporting and compliance.

*Mike Estes, P.C.*

Mike Estes, P.C.  
Fort Worth, Texas  
March 18, 2019

**HOUSING AUTHORITY OF LAKE PROVIDENCE, LA**

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
September 30, 2018**

**The management of Housing Authority of Lake Providence, LA presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2018. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.**

## **FINANCIAL HIGHLIGHTS**

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$1,997,445 at the close of the fiscal year ended 2018.
  - ✓ Of this amount \$1,502,214 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts.
  - ✓ The remainder of \$495,231 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 51% of the total operating expenses of \$962,245 for the fiscal year 2018, which means the Authority might be able to operate about 6 months using the unrestricted assets alone, compared to 6 months in the prior fiscal year.
- The Housing Authority's total net position decreased by \$34,561, a 2% decrease from the prior fiscal year 2017.
- The decrease in net position of these funds was accompanied by an increase in unrestricted cash by \$53,284 from fiscal year 2017.
- The Authority Spent \$47,480 on capital asset additions and \$29,848 on construction in progress.
- These changes led to a decrease in total assets by \$10,282 and an increase in total liabilities by \$24,279. As related measure of financial health, there are still over \$7 of current assets covering each dollar of total current liabilities, which compares to \$8 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2018?" The Statement of net position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**Fund Financial Statements**

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net position and changes in net position. One can think of the Housing Authority's net position – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

**USING THIS ANNUAL REPORT**

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Public Housing Capital Fund Program	\$ 197,398
Low Rent Public Housing	<u>425,939</u>
Total funding received this current fiscal year	<u>\$ 623,337</u>

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

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

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

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

**FINANCIAL ANALYSIS**

The Housing Authority's net position was \$1,997,445 as of September 30, 2018. Of this amount, \$1,502,214 was invested in capital assets and \$495,231 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general net position.

**CONDENSED FINANCIAL STATEMENTS**

**Condensed Statement of Net Position  
 As of September 30, 2018**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets	\$ 610,714	\$ 541,020
Capital assets, net of depreciation	1,502,214	1,582,190
Total assets	<u>2,112,928</u>	<u>2,123,210</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred payments to government assistance programs	-	-
<b>LIABILITIES</b>		
Current liabilities	93,082	72,133
Non-current liabilities	22,401	19,071
Total liabilities	<u>115,483</u>	<u>91,204</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenues from government assistance programs	-	-
<b>NET POSITION</b>		
Invested in capital assets, net of depreciation	1,502,214	1,582,189
Unrestricted net position	495,231	449,817
Total net position	<u>\$ 1,997,445</u>	<u>\$ 2,032,006</u>

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The net position of these funds decreased by \$34,561, or by 2%, from those of fiscal year 2017, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position**

**Fiscal Year Ended September 30, 2018**

	2018	2017
<b>OPERATING REVENUES</b>		
Tenant rental revenue	\$ 279,309	\$ 289,142
Governmental grants for operations	540,949	520,880
Other tenant revenue	11,991	12,557
Other	12,308	3,188
Total Operating Revenues	844,557	825,767
<b>OPERATING EXPENSES</b>		
General	124,235	130,852
Ordinary maintenance & repairs	336,507	400,222
Administrative expenses	276,390	241,105
Utilities	57,479	66,591
Depreciation	162,363	197,271
Tenant services	600	350
Casualty losses	4,671	0
Total Operating Expenses	962,245	1,036,391
Income (Loss) from Operations	(117,688)	(210,624)
Non Operating Revenues (Expenses)		
Interest income	739	625
Total Non-Operating Revenues (Expenses)	739	625
Income (Loss) before contribution	(116,949)	(209,999)
Capital Contribution	82,388	51,020
Change in net position	(34,561)	(158,979)
Total net position - beginning	2,032,006	2,190,985
Total net position - ending	\$ 1,997,445	\$ 2,032,006

## **EXPLANATIONS OF FINANCIAL ANALYSIS**

Compared with the prior fiscal year, total operating, non-operating revenues and capital contributions increased \$50,272 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue decreased by \$10,399 from that of the prior fiscal year because the amount of rent each tenant pays is based on a sliding scale of their personal income. Included in this total is other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) which decreased by \$566.
- Federal revenues from HUD for operations increased by \$20,069 from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant.
- Federal Capital Funds from HUD increased by \$31,368 from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2016 through 2018, and submitted a new grant during fiscal year 2019.
- Total other operating revenue increased by \$9,120 and interest income increased by \$114 from the prior fiscal year.

Compared with the prior fiscal year, total operating expense decreased \$74,146, or by 7%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense decreased by \$34,908 from that of the prior fiscal year.
- Maintenance and repairs decreased by \$63,715 from that of the prior fiscal year due to changes in the following: Repair staff wages decreased by \$21,954 and related employee benefit contributions decreased by \$9,181. Materials used decreased by \$17,313 and contract labor costs decreased by \$15,267.
- General Expenses decreased by \$6,617 from that of the prior fiscal year. Payments in lieu of taxes (PILOT) decreased by \$72. PILOT is calculated as a percentage of rent minus utilities and therefore changed proportionately to the changes in each of these. Insurance premiums decreased by \$6,230 and other general expenses decreased by \$11. Lastly, compensated absences decreased by \$8,339.
- Administrative Expenses increased by \$35,285 from that of the prior fiscal year due to a combination of factors. Administrative staff salaries increased by \$16,691 and related employee benefit contributions increased by \$5,597; therefore, total staff salaries and benefit costs increased. Outside professional fees changed as follows: audit fees increased by \$2,850 and legal fees increased by \$3,040. In addition, staff travel reimbursements increased by \$12,501, office expenses decreased by \$12,048 and sundry expenses increased by \$6,654.
- Utilities Expense decreased by \$9,112 from that of the prior fiscal year because water cost decreased by \$5,569, electricity cost decreased by \$2,758, gas cost increased by \$221, and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) decreased by \$1,006.
- Total Tenant Services increased by \$250 from that of the prior fiscal year.
- Casualty losses increased by \$4,671 from that of the prior fiscal year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2018, the Housing Authority had a total cost of \$8,010,656 invested in a broad range of assets and construction in progress from projects funded in 2015 through 2018, listed below. This amount, not including depreciation, represents increases of \$77,328 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Statement of Capital Assets  
 As of September 30, 2018**

	<u>2018</u>	<u>2017</u>
Land	\$ 154,069	\$ 154,069
Construction in progress	136,438	106,590
Buildings	6,764,734	6,712,195
Leasehold improvements	694,220	694,220
Furniture and equipment	261,194	266,254
Accumulated Depreciation	<u>(6,508,442)</u>	<u>(6,351,138)</u>
Total	<u>\$ 1,502,213</u>	<u>\$ 1,582,190</u>

As of the end of the 2018 fiscal year, the Authority is still in the process of completing HUD grants of \$643,358 obtained during 2016 through 2018 fiscal years. A total remainder of \$323,077 will be received and \$296,981 spent for completing these projects during fiscal year 2019.

**Debt**

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

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

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2019 fiscal year have already been submitted to HUD for approval and no major changes are expected.

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

**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Terry Campbell, at Housing Authority of Lake Providence, LA; 226 Foster, Lake Providence, LA 71254.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

**ASSETS**

## Current assets

Cash and cash equivalents	\$ 509,884
Accounts receivable net	30,702
Prepaid items and other assets	47,010
Inventory	2,548
Restricted assets - cash and cash equivalents	20,570

Total Current Assets	610,714
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## Capital Assets, net

Land and other non-depreciated assets	290,507
Other capital assets - net of depreciation	1,211,707

Total Capital Assets, net	1,502,214
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Total Assets	\$ 2,112,928
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**LIABILITIES**

## Current Liabilities

Accounts payable	\$ 37,629
Unearned income	2,381
Compensated absences payable	10,319
Accrued PILOT	22,183
Deposits due others	20,570

Total Current Liabilities	93,082
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## Noncurrent Liabilities

Compensated absences payable	22,401
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Total Liabilities	115,483
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**NET POSITION**

Net investment in capital assets	1,502,214
Unrestricted	495,231

Net Position	\$ 1,997,445
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The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2018

<b>OPERATING REVENUES</b>	
Dwelling rental	\$ 279,309
Governmental operating grants	540,949
Dwelling - other	11,991
Other	12,308
	<hr/>
Total Operating Revenues	844,557
	<hr/>
<b>OPERATING EXPENSES</b>	
Administration	276,390
Tenant services	600
Utilities	57,479
Ordinary maintenance & operations	336,507
General expenses	124,235
Depreciation	162,363
Casualty losses	4,671
	<hr/>
Total Operating Expenses	962,245
	<hr/>
Income (Loss) from Operations	(117,688)
	<hr/>
Non Operating Revenues (Expenses)	
Interest earnings	739
	<hr/>
Total Non-Operating Revenues (Expenses)	739
	<hr/>
Income (Loss) before contribution	(116,949)
	<hr/>
Capital Contribution	82,388
	<hr/>
Change in net position	(34,561)
Total net position - beginning	2,032,006
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Total net position - ending	\$ 1,997,445
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The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Rental receipts	\$ 266,069
Other receipts	23,590
Federal grants	527,837
Payments to vendors	(356,126)
Payments to employees – net	(408,826)
	52,544
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(82,387)
Federal Capital Grants	82,388
	1
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	739
	739
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	53,284
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning of Fiscal Year	477,170
<b>CASH AND CASH EQUIVALENTS</b>	530,454
End of Fiscal Year	\$ 530,454

Continued

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

Operating income (loss)	\$ (117,688)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	162,363
Provision of uncollectible accounts	4,434
Change in assets and liabilities:	
Receivables	(16,869)
Inventories	(545)
Prepaid items	(3,430)
Account payables	22,555
Unearned income	(2,393)
Accrued compensated absences	4,826
Deposits due others	(637)
Accrued PILOT	(72)
Net cash provided (used) by operations	<u>\$ 52,544</u>

Concluded

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying financial statements of the Housing Authority of the Town of Lake Providence have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY** Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the State of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Lake Providence, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	FW 1099	150
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GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the Town of Lake Providence since the Town of Lake Providence appoints a voting majority of the Housing Authority’s governing board. The Town of Lake Providence is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Lake Providence. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Lake Providence.

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

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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

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

**B. FUNDS** The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the Public Housing Low Rent program and the Capital Fund program.

### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**PROPRIETARY FUNDS** Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position sheet.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**D. CASH AND CASH EQUIVALENTS** Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

On the Statement of Cash Flows, cash and cash equivalents, end of year, is \$530,454. This is comprised of cash and cash equivalents of \$509,884 and restricted assets – cash of \$20,570, on the statement of net position.

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

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

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

Definitions:

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

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

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

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

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**I. CAPITAL ASSETS** Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years

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

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

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

**M. NET POSITION AND FLOW ASSUMPTIONS** Net position is reported as restricted when constraints are placed on net position use as either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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

**NOTE 2 – DEPOSITS AND INVESTMENTS** The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at September 30, 2018. Deposits are stated at cost, which approximates fair value.

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

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

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

Restricted Cash: \$20,570 is restricted in the General Fund for security deposits.

At September 30, 2018, the Housing Authority's carrying amount of deposits was \$530,379 and the bank balance was \$549,599. Petty cash consists of \$75. \$266,956 of the bank balance was covered by FDIC Insurance. The remaining bank balance of \$282,643 was covered by pledged securities. However, this \$282,643 was exposed to custodial credit risk, as defined by GASBS No. 40, para. 8, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

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

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at September 30, 2018, are as follows:

<u>Class of Receivables</u>	
Local sources:	
Tenants	\$ 4,606
Federal sources:	
Grants	26,096
Total	\$ 30,702

The tenants account receivables is net of an allowance for doubtful accounts of \$4,407.

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

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land and buildings	\$ 154,069	\$ 0	\$ 0	\$ 154,069
Construction in progress	106,590	29,848	0	136,438
Depreciable assets:				
Buildings	7,406,415	52,540	0	7,458,955
Furniture and equipment	266,254	0	5,059	261,195
Total capital assets	7,933,328	82,388	5,059	8,010,657
Less: accumulated depreciation				
Buildings	6,089,382	90,990	0	6,180,372
Furniture and equipment	261,756	71,374	5,059	328,071
Total accumulated depreciation	6,351,138	162,364	5,059	6,508,443
Total capital assets, net	\$ 1,582,190	\$ (79,976)	\$ 0	\$ 1,502,214

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**NOTE 5 – ACCOUNTS PAYABLE** The payables at September 30, 2018 are as follows:

Vendors	\$	32,844
Utilities		4,785
		37,629
Total	\$	37,629

**NOTE 6 – COMPENSATED ABSENCES** At September 30, 2018, employees of the Housing Authority have accumulated and vested \$32,720 of employee leave computed in accordance with GASB, Codification Section C60.

**NOTE 7 – LONG-TERM OBLIGATIONS** The following is a summary of the long-term obligation transactions for the year ended September 30, 2018.

		Compensated Absences
Balance, beginning	\$	27,894
Additions		16,528
Deletions		11,702
		32,720
Balance, ending		32,720
Amounts due in one year	\$	10,319

**NOTE 8 – RETIREMENT SYSTEM** The Housing Authority participates in the Housing Agency Retirement Trust, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan on the first day of the year after completing one year of continuous and uninterrupted employment.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5% of his effective compensation. The employer is required to make monthly contributions equal to 7.5% of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are first used to pay for plan expenses and if there is any residual amount, the amount is refunded to the Housing Authority.

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the Housing Agency Retirement Trust may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority made the required contributions of \$31,517 for the year ended September 30, 2018, of which \$17,830 was paid by the Housing Authority and \$13,687 was paid by employees. No payments were made out of the forfeiture account.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**Commitments** The Authority entered into an Employment Agreement with a new Executive Director, dated and effective January 14, 2019. The Agreement is for four years, and renews automatically for an additional year, at the end of each year, unless the Authority gives written notice of termination to the Executive Director at least sixty days prior to the end of the Agreement.

The Agreement may be terminated by the Authority for cause, at any time, as long as due process is followed. If the Executive Director is terminated without cause, the Authority is obligated his annual base salary for the remaining term of the contract. If the Executive Director leaves for any reason, the Authority is obligated to pay all unused but earned annual leave, in accordance with the Employment Agreement.

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

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

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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

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

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

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

Louisiana State law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council Group Self Insured Fund (LHC) risk pool is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

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

**NOTE 10 – ECONOMIC DEPENDENCE** The Department of Housing and Urban Development provided \$623,337 to the Housing Authority, which represents approximately 67% of the Housing Authority's total revenue and capital contributions for the year.

**NOTE 11 - SUBSEQUENT EVENTS** Management has evaluated events and transactions subsequent to the statement of net position date through, March 18, 2019, of the independent auditor's report for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.



MIKE ESTES, CPA

**MIKE ESTES, P.C.**  
A PROFESSIONAL ACCOUNTING CORPORATION  
4040 FOSSIL CREEK BLVD. – SUITE 100  
FORT WORTH, TEXAS 76137

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Phone (817) 831-3553  
Fax (817) 831-3558  
e-mail: [office@mikeestepc.com](mailto:office@mikeestepc.com)  
website: [mikeestepc.com](http://mikeestepc.com)

MEMBER OF THE  
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and the  
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AUDIT QUALITY CENTER

Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Independent Auditor's Report

Housing Authority of Lake Providence  
Lake Providence, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each major fund of the Housing Authority of the Town of Lake Providence, Louisiana, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Lake Providence, Louisiana's basic financial statements, and have issued our report thereon dated March 18, 2019.

***Internal Control Over Financial Reporting***

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

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

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

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

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Lake Providence, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Audit Findings 2018-001.

We noted certain matters that we reported to Management of the Housing Authority of the Town of Lake Providence in a separate letter dated March 18, 2019.

### ***Response to Finding***

The Housing Authority of the Town of Lake Providence, Louisiana's response to the finding identified in our audit is described in the accompanying Views of Responsible Officials and Planned Corrective Actions. The Housing Authority of the Town of Lake Providence, Louisiana's response was not subjected to the auditing procedure applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

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

*Mike Estes, P.C.*

Mike Estes, P.C.  
Fort Worth, Texas  
March 18, 2019

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED YEAR ENDED SEPTEMBER 30, 2018

**Section I – Summary of the Auditor’s Results**

**Financial Statement Audit**

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

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2018

**Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:**

Finding 2018-001-Bid Information Not Available

Criteria and Condition

Management should both obtain and retain other quotes for contract rehabilitation work.

Context

The Authority contracts on an individual unit basis with local contractors to perform rehabilitation work. Most payments ranged from \$1,000 to \$4,000. The invoices possessed adequate descriptions of the work performed. 1099's were issued to all who were paid more than \$600. Bid information for similar payments were available to us in the prior year. However, no bid information was provided for payments during the audited fiscal year.

Cause

The Authority should always retain a copy of bid and related information in a secure place.

Effect

We were not able to determine whether the Procurement Policy and federal regulations regarding procurement were followed by Management.

Recommendation

Management should not allow bid or related information to leave the premises without a copy being retained.

In addition, the Authority must be aware of the procurement thresholds for both federal and state. The more restrictive must be followed. In a March 12, 2019 HUD email, HUD informed PHAs that the small purchase threshold has been raised to \$10,000. However, the Louisiana state threshold is \$5,000. Therefore, multiple quotes should be taken for all purchases of goods or service above \$5,000, or a lower amount, if the Authority's policy sets the threshold at less than \$5,000.

However, when the Authority anticipates that multiple purchases of the same item or service within a year will exceed \$5,000 (or a lesser amount if the Authority's threshold is lower), the Authority should obtain multiple quotes. Perhaps the best example is when an entity purchases a single stove, but the entity knows that it will purchase a minimum of ten stoves a year, which in aggregate will exceed \$5,000.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2018

**Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:**

The same principle applies to contract work. Since Management knows from experience that multiple units will be rehabbed each year, even rehab contracts of \$1,000 should be bid out. There are alternatives to having to bid each unit (although this can be done), such as taking bids to do a minimum number of units in a year, such as four or so.

**Corrective Action Plan-Response**

I am Wilson Matthews, Jr., Designated Person to answer this audit finding. I started as Executive Director on January 14, 2019. We will do as the auditor suggests in the future.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
CORRECTIVE ACTION PLAN

YEAR ENDED SEPTEMBER 30, 2018

See Views of Responsible Officials and Planned Corrective Actions in the Schedule of Findings and Questioned Costs on page 28.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2018

**The following prior audit finding was a significant deficiency, required to be reported, in the prior year in accordance with *Governmental Auditing Standards* generally accepted in the United States of America:**

There were no prior audit findings.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
SUMMARY SCHEDULE OF CURRENT AND PRIOR MANAGEMENT LETTER ITEMS

YEAR ENDED SEPTEMBER 30, 2018

Prior Year

2017 – M1 – Need to Adhere to State Law Regarding Nepotism

During the audit year, the Executive Director ran for Alderman for the City of Lake Providence. The Housing Authority obtained an opinion from the State of Louisiana, Department of Justice, Opinion 17-0053. The Opinion relies on Revised Statute 42:63(D), and the opinion states that an individual may not be both an elected Alderman and an appointed Executive Director at the same time. The Executive Director who ran for Alderman is no longer employed by the Authority.

We recommend that appointed Executive Directors not run for public office while employed by the Authority.

Current Status

This item is not repeated in the current audit.

2017 – M2 – Payments to Family Member

For several years, the Authority has contracted with local individuals to do the rehabilitation on various units. Bids are sought, and contracts are signed for each individual unit rehab. Approximately ten different individuals did this type of work during the current audit year.

One individual, who has done this type of work for the Authority in previous years, signed a contract on July 19, 2017 and performed a unit rehab for \$4,500. This individual also contracted and performed rehab work earlier in the audit year.

An existing employee was promoted to Executive Director, effective June 16, 2017. The new Executive Director and the individual noted in the previous paragraph are related family members and the related contractor may not currently perform work for the Authority. This is according to Revised Statute 1119, Nepotism.

Due to the family relationship, we recommend that the individual no longer bid or perform work for the Authority, to be in compliance with state law. The individual should also not be a subcontractor or work turnkey for another contractor who proposes on an Authority rehab. It appears that the individual may be able to work as an hourly employee for a contractor on an Authority rehab job. However, before the latter is done, Management should check with the Louisiana Board of Ethics and perhaps the State Attorney General to make sure this is permissible.

Current Status

This item is not repeated in the current audit.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AND CURRENT MANAGEMENT LETTER ITEMS

YEAR ENDED SEPTEMBER 30, 2018

Prior Year

2017 – M3 – Need to Increase Interest Income

At September 30, 2017, the Authority had only one Certificate of Deposit for \$16,949. The rest of the cash was contained in two interest bearing cash accounts. Federal regulations, as well as good business practices, require the Authority to maximize earnings on investments.

We realize that Certificates of Deposit (C.D.) currently do not have a high rate of interest, but they earn better than interest bearing checking or money market accounts.

We recommend that the Authority estimate the amount of cash that might be needed in the next several months. Then, with the remaining cash, the Authority should consider making multiple C.D.s of varying amounts and lengths to maturity. That way, the Authority would not be unduly penalized if cash was needed unexpectedly.

Current Status

This item is repeated in the current audit.

**SUPPLEMENTARY INFORMATION**

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

YEAR ENDED SEPTEMBER 30, 2018

		2015 Capital Fund
Funds approved	\$	167,176
Funds expended		167,176
Excess of funds approved	\$	0
<hr style="border-top: 3px double #000;"/>		
Funds advanced	\$	167,176
Funds expended		167,176
Excess (Deficiency) of funds advanced	\$	0
<hr style="border-top: 3px double #000;"/>		

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statement of Modernization Costs dated October 15, 2018 accompanying the Actual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2018

CASH BASIS

	2016 Capital Fund	2017 Capital Fund	2018 Capital Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Funds approved	\$ 170,394	\$ 183,963	\$ 289,301
Funds expended	170,394	118,692	57,591
Excess of funds approved	<u>\$ 0</u>	<u>\$ 65,271</u>	<u>\$ 231,710</u>
Funds advanced	\$ 169,894	\$ 93,096	\$ 57,591
Funds expended	<u>170,394</u>	<u>118,692</u>	<u>57,591</u>
Excess (Deficiency) of funds advanced	<u>\$ (500)</u>	<u>\$ (25,596)</u>	<u>\$ 0</u>

See accountants' report

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

YEAR ENDED SEPTEMBER 30, 2018

**Agency Head Name:** Terry Campbell, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 64,916.40
Benefits-insurance	8,897.58
Benefits-retirement	4,965.84
Benefits	
Car allowance	
Vehicle provided by government	
Per diem	1,200.00
Reimbursements	1,628.60
Travel	3,803.63
Registration fees	1,820.00
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
<b>Total</b>	<b>\$ 87,232.05</b>

See accountants' report

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2018

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 425,939
Capital Fund Program	14.872	197,398
Total United States Department of Housing and Urban Development		\$ 623,337
Total Expenditures of Federal Awards		\$ 623,337

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2018

**NOTE 1 – BASIS OF PRESENTATION** The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Housing Authority of the Town of Lake Providence, Louisiana (the “Housing Authority”) under programs of the federal government for the year ended September 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS** Federal awards revenues are reported in the Housing Authority’s basic financial statements as follows:

		Federal Sources
Enterprise Funds		
Governmental operating grants	\$	540,949
Capital contributions		82,388
		623,337
Total	\$	623,337

**NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS** Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.



MIKE ESTES, CPA

**MIKE ESTES, P.C.**  
A PROFESSIONAL ACCOUNTING CORPORATION  
4040 FOSSIL CREEK BLVD. – SUITE 100  
FORT WORTH, TEXAS 76137

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Phone (817) 831-3553  
Fax (817) 831-3558  
e-mail: [office@mikeestepc.com](mailto:office@mikeestepc.com)  
website: [mikeestepc.com](http://mikeestepc.com)

MEMBER OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS  
and the  
AICPA GOVERNMENTAL  
AUDIT QUALITY CENTER

## AGREED UPON PROCEDURES REPORT

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

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

We have performed the procedures enumerated below, which were agreed to by the Lake Providence Housing Authority and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The Haynesville Housing Authority's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

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

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

#### Results of Testing:

We noted in the prior year that the Authority has all of the above policies, except Contracting and Debt Service. The latter is not applicable, since the Authority has no secured debt. Last year we directed Management to the policies listed under the Best Practices on the LLA's website. We also provided examples of all the policies listed above. The policies must be drafted to the Authority's particular situation.

The above policies have not been adopted or revised. Management should do this in the current year.

In addition, we noted last year that to comply with state law, the Authority must both post and publish a notice at least ten days in advance of a public hearing to adopt the annual operating budget.

This was not done in the audit year. Management should do this in the future.

#### Corrective Action Response:

I am Wilson Matthews, Jr. I was hired as the Executive Director on January 14, 2019. We will do as the auditor suggests.

#### ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-*

*profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results of Testing:

- a) The board met with a quorum on a frequency with the bylaws.
- b) The minutes did not reflect that the board reviewed the year-to-date budgeted to actual income and expenses. This should be done.
- c) The unrestricted fund balance of the general fund had a positive balance at the end of the prior year.

Corrective Action Response:

We will comply with (b) above in the future.

***Bank Reconciliations***

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

Results of Testing:

As noted in the Year 2 instructions, if this category had no exceptions in Year 1, Year 2 tests may be omitted. Since there were no Year 1 exceptions, these tests are omitted.

***Collections***

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

### Results of Testing:

Since there were no Year 1 exceptions in this category, these tests are omitted.

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

### Results of Testing:

Since there were no Year 1 exceptions in this category, these tests are omitted.

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

### Results of Testing:

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

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

Results of Testing:

Since there were no Year 1 exceptions in this category, these tests are omitted.

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

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

Results of Testing:

Since there were no Year 1 exceptions in this category, these tests are omitted.

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

Results of Testing:

- a) It appears that two employees are involved in initiating a purchase request, approving a purchase, and making the purchase. However, we noted last year that the documentation be improved. Management did not follow our recommendation. Last year, we stated that one way improvement could be made is that the person who initiates the order and the person that approves the order should both initial the invoice, once all items ordered on the invoice [which may be several] are checked as being properly ordered. The initials should be *circled*.
- b) It appears that at least two employees are involved in processing and approving payments to vendors. However, we noted last year that documentation be improved. Management did not follow our recommendation. Last year, we stated that one way improvement could be made is that the person who makes sure that the correct specs and quantity of the goods ordered were actually received should initial the invoice, once all the items listed [which may be several] are verified as being actually received, with the proper quantity and specs. A *box* should be drawn around the initials [to differentiate from the purchase order function, as noted in the above paragraph].

Management should either use the methods described above or use another method in the future, to better document the ordering and receiving functions.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files.
- d) The employee responsible for signing checks gives the signed checks to an employee to mail who is not responsible for processing payments.

Corrective Action Response:

We will review our alternatives, and either choose one of the options noted in [a] and [b] above, or another related method to improve documentation.

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

Results of Testing:

- a) The tested disbursements matched the related original invoice/billing statement.
- b) The disbursement documentation included evidence of segregation of duties. However, improvements should be made, as noted in 9 (a) and (b).

Corrective Action Response:

As noted in 9 above, we will make changes.

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

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

Results of Testing:

Since there were no Year 1 exceptions in this category, these tests are omitted.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results of Testing:

Since there were no Year 1 exceptions in this area, these tests are omitted.

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

Results of Testing:

Since there were no Year 1 exceptions in this area, these tests are omitted.

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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### Results of Testing:

The only exception noted in the above tests is that the Authority should revise the per diem to that listed at [www.gsa.gov](http://www.gsa.gov). The mileage per diem should preferably be the IRS allowable for a particular year. The rate for 2019 is 58 cents per mile.

### Corrective Action Response:

We will comply with the above as the auditor suggests.

## ***Contracts***

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

### Results of Testing:

See Audit Finding 2018-001. Amounts were properly supported. 1099s were issued for all aggregate payments to contractors that exceeded \$600. Bid quotes may have been taken. However, those quotes were not available to us. Bid quotes not only need to be taken, but the documentation should be retained for third party review.

### Corrective Action Response:

We will comply with the auditor's recommendation.

## ***Payroll and Personnel***

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

### Results of Testing:

Since there were no Year 1 exceptions in this category, these tests are omitted.

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

### Results of Testing:

Since there were no Year 1 exceptions in this category, these tests are omitted.

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

### Results of Testing:

No termination payments were made in the audit, fiscal year.

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

### Results of Testing:

Since there were no Year 1 exceptions in this category, these tests are omitted.

## *Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results of Testing:

- a) Four employees/officials obtained the required ethics training during the year. Since October 1, 2018 through the date of the auditor's report, a minimum of eight employees/officials obtained the required ethics training during the year.
- b) It appears that the Authority did not obtain signature verification from each employee/official that he or she read the ethics policy during the fiscal period.

Both (a) and (b) should be done and documented annually.

Corrective Action Response:

We will comply with the above suggestion.

***Debt Service***

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

Results of Testing:

Not applicable.

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

Results of Testing:

Not applicable.

***Other***

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

Results of Testing:

Management asserts that they are not aware of misappropriations of public funds or assets during the fiscal period.

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

Results of Testing:

The sign is properly posted

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

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

*Mike Estes, P.C.*

Mike Estes, P.C.  
Fort Worth, Texas  
March 18, 2019

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

<b>Entity Wide Balance Sheet Summary</b>				
	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$509,884	\$509,884		\$509,884
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$20,570	\$20,570		\$20,570
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$530,454	\$530,454		\$530,454
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$26,096	\$26,096		\$26,096
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$9,013	\$9,013		\$9,013
126.1 Allowance for Doubtful Accounts -Tenants	-\$4,407	-\$4,407		-\$4,407
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	\$30,702	\$30,702		\$30,702
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$47,010	\$47,010		\$47,010
143 Inventories	\$2,682	\$2,682		\$2,682
143.1 Allowance for Obsolete Inventories	-\$134	-\$134		-\$134
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$610,714	\$610,714		\$610,714
161 Land	\$154,069	\$154,069		\$154,069
162 Buildings	\$6,764,735	\$6,764,735		\$6,764,735
163 Furniture, Equipment & Machinery - Dwellings	\$118,369	\$118,369		\$118,369
164 Furniture, Equipment & Machinery - Administration	\$142,825	\$142,825		\$142,825
165 Leasehold Improvements	\$694,220	\$694,220		\$694,220
166 Accumulated Depreciation	-\$6,508,442	-\$6,508,442		-\$6,508,442
167 Construction in Progress	\$136,438	\$136,438		\$136,438
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,502,214	\$1,502,214		\$1,502,214
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$1,502,214	\$1,502,214		\$1,502,214
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$2,112,928	\$2,112,928		\$2,112,928

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

<b>Entity Wide Balance Sheet Summary</b>				
	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$32,844	\$32,844		\$32,844
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion	\$10,319	\$10,319		\$10,319
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$22,183	\$22,183		\$22,183
341 Tenant Security Deposits	\$20,570	\$20,570		\$20,570
342 Unearned Revenue	\$2,381	\$2,381		\$2,381
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other	\$4,785	\$4,785		\$4,785
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$93,082	\$93,082		\$93,082
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$22,401	\$22,401		\$22,401
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$22,401	\$22,401		\$22,401
300 Total Liabilities	\$115,483	\$115,483		\$115,483
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$1,502,214	\$1,502,214		\$1,502,214
511.4 Restricted Net Position	\$0	\$0		\$0
512.4 Unrestricted Net Position	\$495,231	\$495,231		\$495,231
513 Total Equity - Net Assets / Position	\$1,997,445	\$1,997,445		\$1,997,445
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,112,928	\$2,112,928		\$2,112,928

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

<b>Single Project Revenue and Expense</b>			
	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$279,309		\$279,309
70400 Tenant Revenue - Other	\$11,991		\$11,991
70500 Total Tenant Revenue	\$291,300	\$0	\$291,300
70600 HUD PHA Operating Grants	\$425,939	\$115,010	\$540,949
70610 Capital Grants		\$82,388	\$82,388
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$739		\$739
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	\$12,308		\$12,308
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$730,286	\$197,398	\$927,684
91100 Administrative Salaries	\$162,464		\$162,464
91200 Auditing Fees	\$13,855		\$13,855
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$195		\$195
91500 Employee Benefit contributions - Administrative	\$48,030		\$48,030
91600 Office Expenses	\$13,393		\$13,393
91700 Legal Expense	\$4,195		\$4,195
91800 Travel	\$13,507		\$13,507
91810 Allocated Overhead			
91900 Other	\$20,751		\$20,751
91000 Total Operating - Administrative	\$276,390	\$0	\$276,390
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$600		\$600
92500 Total Tenant Services	\$600	\$0	\$600
93100 Water	\$21,003		\$21,003
93200 Electricity	\$9,108		\$9,108
93300 Gas	\$1,036		\$1,036
93400 Fuel			
93500 Labor			
93600 Sewer	\$26,332		\$26,332

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

<b>Single Project Revenue and Expense</b>			
	Low Rent	Capital Fund	Total Project
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$57,479	\$0	\$57,479
94100 Ordinary Maintenance and Operations - Labor	\$130,423		\$130,423
94200 Ordinary Maintenance and Operations - Materials and Other	\$77,896		\$77,896
94300 Ordinary Maintenance and Operations Contracts	\$76,950		\$76,950
94500 Employee Benefit Contributions - Ordinary Maintenance	\$51,238		\$51,238
94000 Total Maintenance	\$336,507	\$0	\$336,507
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$49,035		\$49,035
96120 Liability Insurance	\$4,955		\$4,955
96130 Workmen's Compensation	\$14,551		\$14,551
96140 All Other Insurance	\$5,645		\$5,645
96100 Total insurance Premiums	\$74,186	\$0	\$74,186
96200 Other General Expenses			
96210 Compensated Absences	\$16,369		\$16,369
96300 Payments in Lieu of Taxes	\$22,183		\$22,183
96400 Bad debt - Tenant Rents	\$11,497		\$11,497
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$50,049	\$0	\$50,049
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$795,211	\$0	\$795,211
97000 Excess of Operating Revenue over Operating Expenses	-\$64,925	\$197,398	\$132,473
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized	\$4,671		\$4,671
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$162,363		\$162,363
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$962,245	\$0	\$962,245

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

<b>Single Project Revenue and Expense</b>			
	Low Rent	Capital Fund	Total Project
10010 Operating Transfer In	\$115,010		\$115,010
10020 Operating transfer Out		-\$115,010	-\$115,010
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)	\$115,010	-\$115,010	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$116,949	\$82,388	-\$34,561
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$2,032,006	\$0	\$2,032,006
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$124,996	-\$124,996	\$0
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1722		1722
11210 Number of Unit Months Leased	1675		1675
11270 Excess Cash	\$401,807		\$401,807
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$72,988	\$72,988
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

<b>Entity Wide Revenue and Expense Summary</b>				
	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$279,309	\$279,309		\$279,309
70400 Tenant Revenue - Other	\$11,991	\$11,991		\$11,991
70500 Total Tenant Revenue	\$291,300	\$291,300	\$0	\$291,300
70600 HUD PHA Operating Grants	\$540,949	\$540,949		\$540,949
70610 Capital Grants	\$82,388	\$82,388		\$82,388
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	\$0
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$739	\$739		\$739
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	\$12,308	\$12,308		\$12,308
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$927,684	\$927,684	\$0	\$927,684
91100 Administrative Salaries	\$162,464	\$162,464		\$162,464
91200 Auditing Fees	\$13,855	\$13,855		\$13,855
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$195	\$195		\$195
91500 Employee Benefit contributions - Administrative	\$48,030	\$48,030		\$48,030
91600 Office Expenses	\$13,393	\$13,393		\$13,393
91700 Legal Expense	\$4,195	\$4,195		\$4,195
91800 Travel	\$13,507	\$13,507		\$13,507
91810 Allocated Overhead				
91900 Other	\$20,751	\$20,751		\$20,751
91000 Total Operating - Administrative	\$276,390	\$276,390	\$0	\$276,390
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$600	\$600		\$600
92500 Total Tenant Services	\$600	\$600	\$0	\$600
93100 Water	\$21,003	\$21,003		\$21,003
93200 Electricity	\$9,108	\$9,108		\$9,108
93300 Gas	\$1,036	\$1,036		\$1,036
93400 Fuel				
93500 Labor				
93600 Sewer	\$26,332	\$26,332		\$26,332

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

<b>Entity Wide Revenue and Expense Summary</b>				
	Project Total	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$57,479	\$57,479	\$0	\$57,479
94100 Ordinary Maintenance and Operations - Labor	\$130,423	\$130,423		\$130,423
94200 Ordinary Maintenance and Operations - Materials and Other	\$77,896	\$77,896		\$77,896
94300 Ordinary Maintenance and Operations Contracts	\$76,950	\$76,950		\$76,950
94500 Employee Benefit Contributions - Ordinary Maintenance	\$51,238	\$51,238		\$51,238
94000 Total Maintenance	\$336,507	\$336,507	\$0	\$336,507
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$49,035	\$49,035		\$49,035
96120 Liability Insurance	\$4,955	\$4,955		\$4,955
96130 Workmen's Compensation	\$14,551	\$14,551		\$14,551
96140 All Other Insurance	\$5,645	\$5,645		\$5,645
96100 Total insurance Premiums	\$74,186	\$74,186	\$0	\$74,186
96200 Other General Expenses				
96210 Compensated Absences	\$16,369	\$16,369		\$16,369
96300 Payments in Lieu of Taxes	\$22,183	\$22,183		\$22,183
96400 Bad debt - Tenant Rents	\$11,497	\$11,497		\$11,497
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$50,049	\$50,049	\$0	\$50,049
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$795,211	\$795,211	\$0	\$795,211
97000 Excess of Operating Revenue over Operating Expenses	\$132,473	\$132,473	\$0	\$132,473
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized	\$4,671	\$4,671		\$4,671
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$162,363	\$162,363		\$162,363
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$962,245	\$962,245	\$0	\$962,245

HOUSING AUTHORITY OF LAKE PROVIDENCE, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

<b>Entity Wide Revenue and Expense Summary</b>				
	Project Total	Subtotal	ELIM	Total
10010 Operating Transfer In	\$115,010	\$115,010	-\$115,010	\$0
10020 Operating transfer Out	-\$115,010	-\$115,010	\$115,010	\$0
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$34,561	-\$34,561	\$0	-\$34,561
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$2,032,006	\$2,032,006		\$2,032,006
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	1722	1722		1722
11210 Number of Unit Months Leased	1675	1675		1675
11270 Excess Cash	\$401,807	\$401,807		\$401,807
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$72,988	\$72,988		\$72,988
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0