

**HOUSING AUTHORITY OF SABINE PARISH
MANY, LOUISIANA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2017

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

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Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of Sabine Parish
Many, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of Sabine Parish (Authority), Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of Sabine Parish, Louisiana, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-vii 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Sabine Parish, Louisiana's basic financial statements. The accompanying PHA's Statement of Certification of Actual Modernization Costs, the Financial Data Schedule and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying PHA's Statement of Certification of Actual Modernization Costs, the Financial Data Schedule, other supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying PHA's Statement of Certification of Actual Modernization Costs, the Financial Data Schedule, other supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 23, 2018, on my consideration of the Housing Authority of Sabine Parish, Louisiana's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of Sabine Parish, Louisiana's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

April 23, 2018

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
December 31, 2017

Introduction

This Management's Discussion and Analysis (MD&A) of the Sabine Parish Housing Authority (Authority) provides an introduction and overview to the financial statements of the Authority for the fiscal year ended December 31, 2017. The Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2017, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its enterprise funds encompassing all programs administered by the Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has four individual programs. These programs are listed as follows:

- **Low Rent Public Housing Program:** The Low Rent Program consists of 262 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- **Capital Fund Program:** The Capital Fund program is also funded from HUD based on a formula. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- **Housing Choice Voucher Program:** The Housing Choice Voucher Program provides rental assistance to aid low income families afford decent, safe and sanitary rental housing. The Housing Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The Housing Authority currently has 108 units available. Funds are provided by HUD to provide rental assistance payments. The Housing Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis.
- **Management Program:** The Management program currently has no activity.

For financial statement presentation, the Authority has combined the Low Rent Public Housing, Section 8 Voucher, Capital Fund Program, and Management Program into a single fund.

Overview of the Financial Statements

This overview of the financial statements is intended to inform and introduce the reader to the Authority's basic financial statements. The basic financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The **Statement of Net Position** presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

HOUSING AUTHORITY OF SABINE PARISH
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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2017

Overview of the Financial Statements – (Continued)

- *Net Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- *Restricted* component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through constitutional provisions.
- *Unrestricted* component of net position represents the remaining resources available that does not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The **Statement of Revenues, Expenses, and Changes in Net Position** reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2017 to determine the change in Net Position for the fiscal year.

The **Statement of Cash Flows** reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2017.

Financial Highlights

- The Authority's total Net Position decreased from the December 31, 2016 balance of \$4,267,094 to the December 31, 2017 balance of \$4,225,077, a decrease of \$42,017 or 1%. The total assets decreased during the same time frame by \$61,574 or 1%.
- Total revenues decreased from \$2,112,722 earned for the year ended December 31, 2016 to \$2,016,175 earned for the year ended December 31, 2017, a decrease of \$96,547 or 5%.
- Total expenses increased by \$4,122 from \$2,054,070 during the year ended December 31, 2016 to \$2,058,192 for the year ended December 31, 2017.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The following table lists the asset and liability comparisons for the year ended December 31, 2017 and December 31, 2016.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2017

Housing Authority Activities & Highlights – (Continued)

*Summary Statement of Net Position
As of December 31, 2017 & 2016*

Category	FYE 2017	FYE 2016	Change \$	Change %
Current Assets	\$ 1,014,434	\$ 968,675	\$ 45,759	5%
Noncurrent Assets	\$ 3,381,428	\$ 3,488,761	\$ (107,333)	-3%
Total Assets	\$ 4,395,862	\$ 4,457,436	\$ (61,574)	-1%
Current Liabilities	\$ 145,981	\$ 129,359	\$ 16,622	13%
Long Term Liabilities	\$ 24,804	\$ 30,008	\$ (5,204)	-17%
Total Liabilities	\$ 170,785	\$ 159,367	\$ 11,418	7%
Net Investment in Capital Assets	\$ 3,381,428	\$ 3,488,761	\$ (107,333)	-3%
Restricted	\$ 12,374	\$ 22,685	\$ (10,311)	-45%
Unrestricted	\$ 831,275	\$ 755,648	\$ 75,627	10%
Total Net Position	\$ 4,225,077	\$ 4,267,094	\$ (42,017)	-1%

Current Assets

Current assets increased by \$45,759, or 5% from the previous year. Unrestricted cash was \$867,436 at December 31, 2017, an increase of \$71,037 from the previous balance of \$796,399 at December 31, 2016.

Noncurrent Assets

Fixed assets decreased by \$107,333 or 3%. Further discussion is located in the capital asset section.

Current Liabilities

Current liabilities increased by \$16,622 or 13% from the prior year. This is due primarily to the accrual of Capital Fund Program expenditures of \$12,500 in the current year.

Net Position

The Authority's total net position decreased by \$42,017 for the year ended December 31, 2017.

The Authority's unrestricted component of net position increased from \$755,648 to \$831,275, an increase of \$75,627, or 10% for the current year. This is due to operating revenues exceeding operating expenses. The unrestricted component of net position is the amount available for future appropriations. These balances are subject to program specific guidelines.

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2017

Housing Authority Activities & Highlights – (Continued)

Net Position – (Continued)

The individual program balances that comprise the total unrestricted net position balance are as follows:

▪ Low Rent Housing Program:	\$ 818,246
▪ Housing Choice Voucher Program- Post 2003 Admin. Fee Reserves:	\$ 11,018
▪ Management Program :	\$ <u>2,011</u>
Total Unrestricted	\$ <u>831,275</u>

Restricted component of net position decreased by \$10,311. This decrease is due primarily to HAP payments exceeding current year HAP revenues.

***Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2017 and December 31, 2016***

Category	FYE 2017	FYE 2016	Change \$	Change %
Tenant Revenue	\$ 459,133	\$ 449,401	\$ 9,732	2%
HUD Operating Grants	\$ 1,269,919	\$ 1,248,922	\$ 20,997	2%
Other Government Grants	\$ 220,290	\$ 331,870	\$ (111,580)	-34%
Interest Income	\$ 1,245	\$ 971	\$ 274	28%
Other Revenue	\$ 65,588	\$ 81,558	\$ (15,970)	-20%
Total Revenue	\$ 2,016,175	\$ 2,112,722	\$ (96,547)	-5%
			\$ -	
Administration	\$ 414,056	\$ 448,436	\$ (34,380)	-8%
Tenant Services	\$ 751	\$ 2,146	\$ (1,395)	65%
Utilities	\$ 16,904	\$ 14,679	\$ 2,225	15%
Ordinary Maintenance	\$ 626,505	\$ 494,947	\$ 131,558	27%
General Expenses/Casualty Loss	\$ 304,363	\$ 392,804	\$ (88,441)	-23%
HAP	\$ 360,925	\$ 363,579	\$ (2,654)	-1%
Depreciation	\$ 334,688	\$ 337,479	\$ (2,791)	-1%
			\$ -	
Total Expenses	\$ 2,058,192	\$ 2,054,070	\$ 4,122	0%
Increase (Decrease) in Net Position	\$ (42,017)	\$ 58,652	\$ (100,669)	-172%
Net Position, Beginning of Year	\$ 4,267,094	\$ 4,208,442	\$ 58,652	1%
Net Position, End of Year	\$ 4,225,077	\$ 4,267,094	\$ (42,017)	-1%

HOUSING AUTHORITY OF SABINE PARISH
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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2017

Housing Authority Activities & Highlights – (Continued)

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenue decreased by \$96,547 from the previous year mainly due to the following:

- Tenant revenue increased from \$449,401 to \$459,133, an increase of \$9,732. Tenant revenue-other increased from \$17,584 in the prior year to \$26,781 in the current year an increase of \$9,197.
- Capital Grants revenue relating to the Capital Fund decreased \$111,580, from \$331,870 to \$220,290. This is primarily due to decreased capital improvement activity in the current year.
- Other revenue decreased by \$15,970 due primarily to the reduction in management fees.

Total expenses increased by \$4,122 from the previous year. This increase is due primarily to the following:

- Administration expenses decreased \$34,380 or 8% due primarily to office expenses decreasing by \$11,244, administrative benefits decreasing by \$9,405, administrative other decreasing by \$8,415, legal expenses decreased by \$3,578 and travel decreased by \$3,902. Administrative salaries increased by \$1,742 in the current year.
- Ordinary maintenance increased \$131,588 primarily due to materials increasing by \$31,550 and other maintenance contracts increasing by \$63,290.
- Utilities expense increased by \$2,225. Electricity expenses increased by \$2,170 which was the primary reason for the increase in utilities.
- General expenses/casualty loss decreased from \$392,804 in the previous year to \$304,363, a decrease of \$88,441 or 23%. Extraordinary expenses decreased by \$51,626 and Non-capitalized casualty losses decreased by \$40,358.

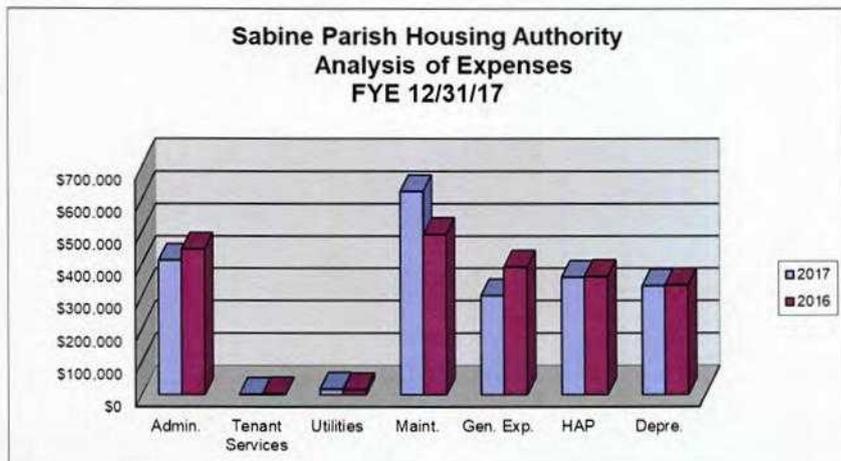
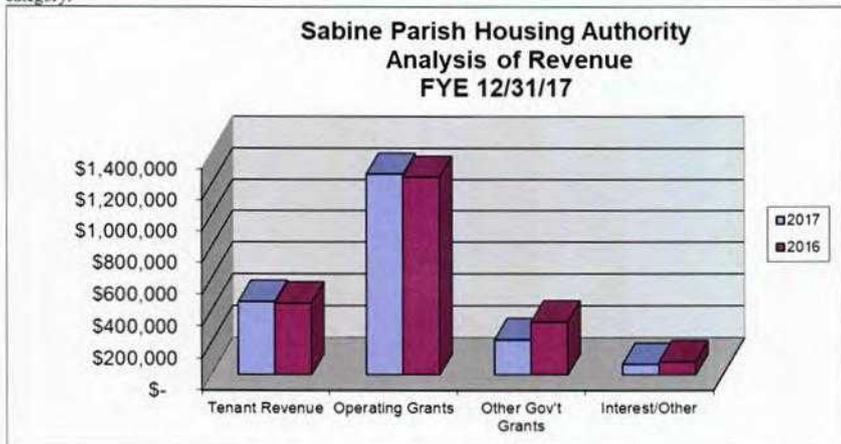
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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2017

Housing Authority Activities & Highlights – (Continued)

Results of Operations – (Continued)

We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



HOUSING AUTHORITY OF SABINE PARISH
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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2017

Housing Authority Activities & Highlights – (Continued)

Capital Assets

As of December 31, 2017, the Sabine Parish Housing Authority's investment in capital assets was \$3,381,428. This investment includes land, building, construction in progress, and equipment less accumulated depreciation.

***Summary Statement of Capital Assets
Years Ended December 31, 2017 and 2016***

Category	FYE 2017	FYE 2016	Change \$	Change %
Land	\$ 171,442	\$ 171,442	\$ -	0%
Buildings	\$ 14,819,245	\$ 14,611,455	\$ 207,790	1%
Equipment	\$ 409,943	\$ 402,878	\$ 7,065	2%
Construction in Progress	\$ 12,500	\$ -	\$ 12,500	0%
Accumulated Depreciation	\$ (12,031,702)	\$ (11,697,014)	\$ (334,688)	3%
Total Investment in Capital Assets	\$ 3,381,428	\$ 3,488,761	\$ (107,333)	-3%

Buildings increased due to the completion of the attic improvements project in the buildings and the renovation of a unit. These projects were funded by the 2016 Capital Fund Program Grant. Equipment also increased with the purchase of a new copier paid by the Low Rent Program. Construction in progress consists of a unit renovation project.

Long Term Debt

The Authority classifies a portion of the employee's leave as long-term debt. This is due to the Authority not anticipating to pay out the total amount in the following year. The amount reported as long term is \$24,804.

Subsequent Event

HUD has not finalized the funding levels for the 2018 calendar year. It is estimated that Operating subsidy for the Low Rent Housing Program will be prorated at 92%.

The amount of HAP and administration funding for the 2018 calendar year for the Housing Choice Voucher Program has not been finalized at the time of this report. Projections discussed for the 2018 calendar year for HAP funding includes a proration of 94% and a proration of 77% for the admin fees.

We have contracted to insulate the attic space and add some attic separation walls with CFP 2017 grant.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Sabine Parish Housing Authority
Douglas Gauntt, Executive Director
P.O. Box 1565
Many, LA 71449

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

STATEMENT OF NET POSITION
December 31, 2017

ASSETS

Current Assets:

Cash and cash equivalents	\$	867,436
Cash - restricted		65,110
Receivables - net of allowances		18,797
Inventory - net of allowances		3,913
Prepaid expenses		<u>59,178</u>

Total Current Assets 1,014,434

Non-current Assets:

Capital assets:

Land and construction in progress		183,942
Other capital assets, net of depreciation		<u>3,197,486</u>

Total capital assets - net 3,381,428

Total Non-current Assets 3,381,428

Total Assets \$ 4,395,862

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

STATEMENT OF NET POSITION - (Continued)
December 31, 2017

LIABILITIES

Current Liabilities:

Accounts payable	\$	53,448
Accrued salaries and benefits		15,809
Tenant security deposit liability		52,736
Accrued compensated absences		19,355
Unearned revenues		<u>4,633</u>

Total Current Liabilities 145,981

Non-current Liabilities:

Compensated absences		<u>24,804</u>
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Total Non-current Liabilities 24,804

Total Liabilities 170,785

NET POSITION

Net investment in capital assets		3,381,428
Restricted		12,374
Unrestricted		<u>831,275</u>

Total Net Position 4,225,077

Total Liabilities and Net Position \$ 4,395,862

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2017

OPERATING REVENUES	
Tenant revenue	\$ 459,133
Governmental grants and subsidy	1,269,919
Miscellaneous	<u>65,588</u>
Total operating revenue	<u>1,794,640</u>
OPERATING EXPENSES	
Administrative	414,056
Tenant services	751
Utilities	16,904
Ordinary maintenance and operations	626,505
Insurance	195,478
General	90,215
Non routine maintenance	18,670
Housing assistance payment	360,925
Depreciation expense	<u>334,688</u>
Total operating expenses	<u>2,058,192</u>
Operating income (loss)	<u>(263,552)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	<u>1,245</u>
Net non-operating revenues (expenses)	<u>1,245</u>
Income (loss) before contributions and transfers	<u>(262,307)</u>
Capital contributions	<u>220,290</u>
Change in net position	(42,017)
Total net position - beginning of year	<u>4,267,094</u>
Total net position - end of year	\$ <u><u>4,225,077</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	\$ 448,635
Received from governmental grants and subsidy	1,264,596
Received from other operating activities	65,588
Payments for goods and services	(733,594)
Payments to employees	(614,895)
Payment in lieu of taxes	(39,194)
Payment for housing assistance	<u>(360,925)</u>
Net cash provided by (used in) operating activities	<u>30,211</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital contributions	207,790
Purchases of capital assets	<u>(214,855)</u>
Net cash provided by (used in) capital and related financing activities	<u>(7,065)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of interest and dividends	<u>1,245</u>
Net cash provided by (used in) investing activities	<u>1,245</u>
Net increase (decrease) in cash and cash equivalents	24,391
Cash and cash equivalents at beginning of year	<u>908,155</u>
Cash and cash equivalents at end of year	<u>\$ 932,546</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended December 31, 2017

Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$	(263,552)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		334,688
Change in assets and liabilities:		
Receivables, net		(3,114)
Inventories, net		1,142
Prepaid expenses		(6,896)
Accounts and other payables		904
Tenant security deposit		(473)
Deferred revenues		(35,644)
Compensated absences		(4,233)
Accrued expenses		<u>7,389</u>
Net cash provided by (used) by operating activities	\$	<u>30,211</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation - (Continued)

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

The Authority operates the following programs in the enterprise fund:

Low Rent - The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Capital Fund Program - The purpose of this program is to provide funds annually to Housing Authorities for the modernization of the housing development and for management improvements.

Housing Choice Vouchers - The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental assistance. HUD reimburses the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

Disaster Housing Assistance Grant - The objective of the grant is to provide resources for rental assistance, security and utility deposits, and case management services for families who were displaced by Hurricane Katrina and Rita. The Disaster Housing Assistance Program (DHAP) would be implemented in the form of a rental assistance program that would continue providing housing subsidies for families determined to be eligible for the program.

Business Activities - This fund represents administrative fees earned in prior years. These funds are set aside by the Housing Authority for future use.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority's contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1E. Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

1F. Assets, Liabilities and Equity

Cash

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of tenants and HUD.

Inventories

Inventories are accounted for under the consumption method and recorded at lower of cost or market. Inventories consist primarily of maintenance materials and supplies held for consumption. The cost of these supplies is regarded as an expenditure at the time the items are consumed. Inventories are classified as current assets on the Statement of Net Position, net of an allowance for obsolete inventory.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$5,000 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	10-20 years
Furniture, equipment and machinery – dwelling	5 years
Furniture, equipment and machinery - administrative	3-5 years

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to the security deposit and DHAP funds under the Low Rent and Disaster Assistance Housing Assistance Grant program respectively.

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Liabilities and Equity – (Continued)

Compensated Absences

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term and short-term liabilities based on historical trends. Amounts not expected to be paid within the next fiscal year are classified as long-term liabilities.

Equity Classifications

Equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Authority's policy is to apply restricted assets first.

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Changes in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)

December 31, 2017

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The Authority must maintain a written collateral agreement from all financial institutions pledging collateral to the Authority. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Capital Fund Program	Modernization
Housing Choice Vouchers	Housing assistance payments

For the year ended December 31, 2017, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2017

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash

As of December 31, 2017, the Authority had the following cash deposits and investments:

Cash deposits	\$	<u>932,546</u>
---------------	----	----------------

Following is a reconciliation of the Authority's deposit balances as of December 31, 2017:

Cash and cash equivalents	\$	867,436
Restricted assets		<u>65,110</u>
Total	\$	<u>932,546</u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At December 31, 2017, the Authority's bank balances of \$952,386 were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

3B. Restricted Assets

Restricted assets at December 31, 2017 consist of the following:

Type of Restricted Assets	Cash	Investments	Accrued Interest	Total
DHAP	\$ 12,374	\$ ----	\$ ----	\$ 12,374
Security deposit	<u>52,736</u>	<u>----</u>	<u>----</u>	<u>52,736</u>
Total	\$ <u>65,110</u>	\$ <u>----</u>	\$ <u>----</u>	\$ <u>65,110</u>

3C. Receivables

Receivables at December 31, 2017, consist of the following:

Tenants - net of allowance	\$	13,784
Less: Allowance for doubtful account - tenants		<u>(8,028)</u>
Tenants - net of allowance		5,756
HUD		<u>13,041</u>
Total Accounts Receivable – net of allowances	\$	<u>18,797</u>

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2017

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3D. Inventory

Inventory at December 31, 2017 comprised of the following:

Inventory	\$	4,348
Less: Allowance for obsolete inventory		<u>(435)</u>
Inventory - net of allowance	\$	<u>3,913</u>

3E. Capital Assets

A summary of capital asset activity for the year ended December 31, 2017 is as follows:

	Balance January 1, 2017	Additions	(Retirement)	Balance December 31, 2017
Non-depreciable assets:				
Land	\$ 171,442	\$ -	\$ -	\$ 171,442
Construction in progress	-	12,500	-	12,500
Total non-depreciable assets	<u>171,442</u>	<u>12,500</u>	<u>-</u>	<u>183,942</u>
Depreciable assets:				
Building	14,611,455	207,790	-	14,819,245
Equipment - dwelling	175,355	-	-	175,355
Equipment - administration	227,523	7,065	-	234,588
Total depreciable assets	<u>15,014,333</u>	<u>214,855</u>	<u>-</u>	<u>15,229,188</u>
Accumulated depreciation	<u>(11,697,014)</u>	<u>(334,688)</u>	<u>-</u>	<u>(12,031,702)</u>
Total depreciable assets, net	<u>3,317,319</u>	<u>(119,833)</u>	<u>-</u>	<u>3,197,486</u>
Capital assets, net	<u>\$ 3,488,761</u>	<u>\$ (107,333)</u>	<u>\$ -</u>	<u>\$ 3,381,428</u>

Depreciation expense is charged to programs as follows:

Business-type Activities	
Low Rent	\$ 329,742
CFP	<u>4,946</u>
Total depreciation expense	<u>\$ 334,688</u>

3F. Accounts Payable

Accounts payable at December 31, 2017, consist of the following:

Vendors & contractors	\$ 850
PILOT	40,098
Other current liabilities	<u>12,500</u>
Total Accounts Payable	<u>\$ 53,448</u>

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)

December 31, 2017

NOTE 4 – OTHER NOTES - (Continued)

4B. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation expense, extraordinary maintenance, casualty losses and Housing Assistance Payment (HAP) expense and includes investment income and capital contributions in operating activities, which differs from the presentation of basic financial statements.

4C. Commitments

At December 31, 2017, the Authority had the following pending Capital Fund project in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
Capital Fund Program:		
CFP 501-17	\$ 353,729	\$ 83,246

4D. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with Louisiana Housing Council, Inc.
b. Injuries to employees (workers' compensation)	Purchased insurance with Louisiana Housing Council Inc. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$20,000 deductibles.
d. Health and life	Purchased health and life insurance with Blue Cross Blue Shield of Louisiana.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4E. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through April 23, 2018 and concluded that no subsequent events have occurred that would require adjustment to or disclosures within these financial statements.

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)

December 31, 2017

NOTE 4 – OTHER NOTES - (Continued)

4F. Contingencies

1. Grants

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

2. Litigation

The Authority is involved in an ongoing lawsuit filed by an ex-tenant for injuries resulting from a slip and fall. The ultimate outcome of the investigation is currently not known and cannot reasonably be estimated. However, the Authority will be filing a motion to dismiss on May 1, 2018 for lack of judicial prosecution.

4G. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2018 federal budget.

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST
December 31, 2017

1. Actual Capital Fund Program costs are as follows:

	<u>CFP 501-16</u>
Funds approved	\$ 336,193
Funds expended	<u>336,193</u>
Excess of Funds Approved	<u>\$ ---</u>
Funds advanced	\$ 336,193
Funds expended	<u>336,193</u>
Excess (deficiency) of Funds Advanced	<u>\$ ---</u>

2. The costs as shown on the Actual Cost Certificate dated October 12, 2017 submitted to HUD for approval is in agreement with the Authority's records as of December 31, 2017.
3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

<u>Federal Grantor</u>	<u>Federal CFDA #</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Low Rent Program	14.850	\$ 747,013
Capital Fund Program	14.872	338,200
Housing Choice Vouchers	14.871	<u>404,996</u>
Total Expenditures of Federal Awards		\$ <u>1,490,209</u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Housing Authority of Sabine Parish (Authority) under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the 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 Authority has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

FINANCIAL DATA SCHEDULE
Year Ended December 31, 2017

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	97,109 Disaster Housing Assistance Grant	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$853,944	\$11,481	\$2,011		\$867,436	\$0	\$867,436
113 Cash - Other Restricted	\$0	\$0		\$12,374	\$12,374	\$0	\$12,374
114 Cash - Tenant Security Deposits	\$52,736	\$0			\$52,736	\$0	\$52,736
100 Total Cash	\$906,680	\$11,481	\$2,011	\$12,374	\$932,546	\$0	\$932,546
122 Accounts Receivable - HUD Other Projects	\$12,500	\$541			\$13,041	\$0	\$13,041
126 Accounts Receivable - Tenants	\$13,784	\$0			\$13,784	\$0	\$13,784
126.1 Allowance for Doubtful Accounts -Tenants	-\$8,028	\$0			-\$8,028	\$0	-\$8,028
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$18,256	\$541	\$0	\$0	\$18,797	\$0	\$18,797
142 Prepaid Expenses and Other Assets	\$57,862	\$1,316			\$59,178	\$0	\$59,178
143 Inventories	\$4,348	\$0			\$4,348	\$0	\$4,348
143.1 Allowance for Obsolete Inventories	-\$435	\$0			-\$435	\$0	-\$435
150 Total Current Assets	\$986,711	\$13,338	\$2,011	\$12,374	\$1,014,434	\$0	\$1,014,434
161 Land	\$171,442	\$0			\$171,442	\$0	\$171,442
162 Buildings	\$14,819,245	\$0			\$14,819,245	\$0	\$14,819,245
163 Furniture, Equipment & Machinery - Dwellings	\$175,355	\$0			\$175,355	\$0	\$175,355
164 Furniture, Equipment & Machinery - Administration	\$234,588	\$0			\$234,588	\$0	\$234,588
166 Accumulated Depreciation	-\$12,031,702	\$0			-\$12,031,702	\$0	-\$12,031,702
167 Construction in Progress	\$12,500	\$0			\$12,500	\$0	\$12,500
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,381,428	\$0	\$0	\$0	\$3,381,428	\$0	\$3,381,428
180 Total Non-Current Assets	\$3,381,428	\$0	\$0	\$0	\$3,381,428	\$0	\$3,381,428
290 Total Assets and Deferred Outflow of Resources	\$4,368,139	\$13,338	\$2,011	\$12,374	\$4,395,862	\$0	\$4,395,862

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2017

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	97,109 Disaster Housing Assistance Grant	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$765	\$85			\$850	\$0	\$850
321 Accrued Wage/Payroll Taxes Payable	\$14,838	\$971			\$15,809	\$0	\$15,809
322 Accrued Compensated Absences - Current Portion	\$18,445	\$910			\$19,355	\$0	\$19,355
333 Accounts Payable - Other Government	\$40,098	\$0			\$40,098	\$0	\$40,098
341 Tenant Security Deposits	\$52,736	\$0			\$52,736	\$0	\$52,736
342 Unearned Revenue	\$4,633	\$0			\$4,633	\$0	\$4,633
345 Other Current Liabilities	\$12,500	\$0			\$12,500	\$0	\$12,500
310 Total Current Liabilities	\$144,015	\$1,966	\$0	\$0	\$145,981	\$0	\$145,981
354 Accrued Compensated Absences - Non Current	\$24,450	\$354			\$24,804	\$0	\$24,804
350 Total Non-Current Liabilities	\$24,450	\$354	\$0	\$0	\$24,804	\$0	\$24,804
300 Total Liabilities	\$168,465	\$2,320	\$0	\$0	\$170,785	\$0	\$170,785
508.4 Net Investment in Capital Assets	\$3,381,428	\$0			\$3,381,428		\$3,381,428
511.4 Restricted Net Position		\$0		\$12,374	\$12,374		\$12,374
512.4 Unrestricted Net Position	\$818,246	\$11,018	\$2,011	\$0	\$831,275		\$831,275
513 Total Equity - Net Assets / Position	\$4,199,674	\$11,018	\$2,011	\$12,374	\$4,225,077	\$0	\$4,225,077
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,368,139	\$13,338	\$2,011	\$12,374	\$4,395,862	\$0	\$4,395,862

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2017

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	97,109 Disaster Housing Assistance Grant	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$432,852	\$0			\$432,852		\$432,852
70400 Tenant Revenue - Other	\$26,281	\$0			\$26,281		\$26,281
70500 Total Tenant Revenue	\$459,133	\$0	\$0	\$0	\$459,133	\$0	\$459,133
70600 HUD PHA Operating Grants	\$864,923	\$404,996			\$1,269,919	\$0	\$1,269,919
70610 Capital Grants	\$220,290	\$0			\$220,290	\$0	\$220,290
71100 Investment Income - Unrestricted	\$1,093	\$42	\$5		\$1,140	\$0	\$1,140
71500 Other Revenue	\$65,588	\$0			\$65,588	\$0	\$65,588
72000 Investment Income - Restricted	\$0	\$0		\$105	\$105	\$0	\$105
70000 Total Revenue	\$1,611,027	\$405,038	\$5	\$105	\$2,016,175	\$0	\$2,016,175
91100 Administrative Salaries	\$186,165	\$31,343			\$217,508	\$0	\$217,508
91200 Auditing Fees	\$8,798	\$978			\$9,776	\$0	\$9,776
91400 Advertising and Marketing	\$704	\$78			\$782	\$0	\$782
91500 Employee Benefit contributions - Administrative	\$80,510	\$19,477			\$99,987	\$0	\$99,987
91600 Office Expenses	\$27,558	\$3,709			\$31,267	\$0	\$31,267
91700 Legal Expense	\$8,341	\$92			\$8,433	\$0	\$8,433
91800 Travel	\$3,037	\$17			\$3,054	\$0	\$3,054
91900 Other	\$39,686	\$3,543	\$20		\$43,249	\$0	\$43,249
91000 Total Operating - Administrative	\$354,799	\$59,237	\$20	\$0	\$414,056	\$0	\$414,056
92400 Tenant Services - Other	\$751	\$0			\$751	\$0	\$751
92500 Total Tenant Services	\$751	\$0	\$0	\$0	\$751	\$0	\$751
93100 Water	\$637	\$0			\$637	\$0	\$637
93200 Electricity	\$15,899	\$0			\$15,899	\$0	\$15,899
93600 Sewer	\$368	\$0			\$368	\$0	\$368
93000 Total Utilities	\$16,904	\$0	\$0	\$0	\$16,904	\$0	\$16,904

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2017

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	97,109 Disaster Housing Assistance Grant	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$174,551	\$0			\$174,551	\$0	\$174,551
94200 Ordinary Maintenance and Operations - Materials and Other	\$130,551	\$0			\$130,551	\$0	\$130,551
94300 Ordinary Maintenance and Operations Contracts	\$257,806	\$0			\$257,806	\$0	\$257,806
94500 Employee Benefit Contributions - Ordinary Maintenance	\$63,597	\$0			\$63,597	\$0	\$63,597
94000 Total Maintenance	\$626,505	\$0	\$0	\$0	\$626,505	\$0	\$626,505
96110 Property Insurance	\$145,399	\$0			\$145,399	\$0	\$145,399
96120 Liability Insurance	\$15,914	\$1,290			\$17,204	\$0	\$17,204
96130 Workmen's Compensation	\$16,870	\$1,874			\$18,744	\$0	\$18,744
96140 All Other Insurance	\$13,045	\$1,086			\$14,131	\$0	\$14,131
96100 Total insurance Premiums	\$191,228	\$4,250	\$0	\$0	\$195,478	\$0	\$195,478
96200 Other General Expenses	\$7,979	\$140	\$3,000		\$11,119	\$0	\$11,119
96210 Compensated Absences	\$28,120	\$3,313			\$31,433	\$0	\$31,433
96300 Payments in Lieu of Taxes	\$40,098	\$0			\$40,098	\$0	\$40,098
96400 Bad debt - Tenant Rents	\$7,565	\$0			\$7,565	\$0	\$7,565
96000 Total Other General Expenses	\$83,762	\$3,453	\$3,000	\$0	\$90,215	\$0	\$90,215
96900 Total Operating Expenses	\$1,273,949	\$66,940	\$3,020	\$0	\$1,343,909	\$0	\$1,343,909
97000 Excess of Operating Revenue over Operating Expenses	\$337,078	\$338,098	-\$3,015	\$105	\$672,266	\$0	\$672,266
97100 Extraordinary Maintenance	\$4,320	\$0			\$4,320	\$0	\$4,320
97200 Casualty Losses - Non-capitalized	\$14,350	\$0			\$14,350	\$0	\$14,350
97300 Housing Assistance Payments	\$0	\$360,925			\$360,925	\$0	\$360,925
97400 Depreciation Expense	\$334,688	\$0			\$334,688	\$0	\$334,688
90000 Total Expenses	\$1,627,307	\$427,865	\$3,020	\$0	\$2,058,192	\$0	\$2,058,192
10010 Operating Transfer In	\$117,910	\$0			\$117,910	-\$117,910	\$0
10020 Operating transfer Out	-\$117,910	\$0			-\$117,910	\$117,910	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$16,280	-\$22,827	-\$3,015	\$105	-\$42,017	\$0	-\$42,017

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2017

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	97,109 Disaster Housing Assistance Grant	Subtotal	ELIM	Total
11030 Beginning Equity	\$4,215,954	\$33,845	\$5,026	\$12,269	\$4,267,094	\$0	\$4,267,094
11170 Administrative Fee Equity		\$11,018			\$11,018		\$11,018
11190 Unit Months Available	3138	1138			4276	0	4276
11210 Number of Unit Months Leased	3044	1057			4101	0	4101
11270 Excess Cash	\$674,759				\$674,759		\$674,759
11620 Building Purchases	\$220,290				\$220,290		\$220,290
11640 Furniture & Equipment - Administrative Purchases	\$7,065				\$7,065		\$7,065

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF
EXECUTIVE DIRECTOR

December 31, 2017

Agency Head Name: Doug Gauntt

EXPENDITURE PURPOSE

Salary	\$	95,306
Benefits – Insurance		14,300
Benefits – Retirement		13,746
Benefits (List any other here)		---
Car allowance		---
Vehicle provided by government		---
Per diem		---
Reimbursements		---
Travel		---
Registration fees		---
Conference Travel		---
Continuing professional education fees		---
Housing		---
Unvouchered expenses*		---
Special meals		---
TOTAL	\$	<u>123,352</u>

* An example of unvouchered expense would be a travel advance



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of the Housing Authority of Sabine Parish and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Housing Authority of Sabine Parish (Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Authority's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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**, including receiving, recording, and preparing deposits
 - 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, and (5) monitoring card usage
 - 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. Note: Ethics requirements are not applicable to nonprofits.

- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Result of Procedures Performed:

The Authority was unable to provide written policies which specifically addressed budgeting, disbursements, receipts and credit cards. Debt service is not applicable since the Authority has no debt. All other written policies were addressed.

Corrective Action Plan:

Sabine Parish Housing Authority will comply with the auditors request and obtain policies and procedures for next year audit.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results of Procedures Performed:

- a) The board of commissioners met on a monthly basis.
- b) However, the minutes did not include monthly budget-to-actual comparisons.
- c) Non-budgetary information was included.

Corrective Action Plan:

Sabine Parish Housing Authority will include monthly budget to actual comparisons in minutes from now on.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results of Procedures Performed:

Obtained listing of all bank accounts and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
- a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results of Procedures Performed:

- a) Bank reconciliations are prepared on a monthly basis.
- b) Management reviewed each bank reconciliation.
- c) There were no outstanding checks over six months old.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results of Procedures Performed:

Obtained listing of collections and management representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results of Procedures Performed:

- a) All employees are bonded. The Authority does not accept cash and accepts non-cash payment at one centralized location. The Authority's current procedures in place do include adequate segregation of duties for all collection functions.
- b) However, the Authority does not have written procedures describing each employee function for collections.
- c) No exceptions noted.

Corrective Action Plan:

Sabine Parish Housing Authority will comply with the auditors request and obtain policies and procedures for next year audit.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results of Procedures Performed:

The Authority does not have written documentation to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections.

Corrective Action Plan:

Sabine Parish Housing Authority will comply with the auditors request and obtain policies and procedures for next year audit.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results of Procedures Performed:

Management represented that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results of Procedures Performed:

- a) For all 25 transactions tested, no exceptions were noted.
- b) Purchase order were approved by a person who did not initiate the purchase.
- c) All invoices tested were approved prior to making a payment.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results of Procedures Performed:

There was no documentation in writing whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Corrective Action Plan:

Sabine Parish Housing Authority will comply with the auditors request and obtain policies and procedures for next year audit.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results of Procedures Performed:

The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results of Procedures Performed:

The supply of unused checks is maintained in a locked location with access restricted to those persons that do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results of Procedures Performed:

Signature stamp or signature machine is not used.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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 Procedures Performed:

Management represented that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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) Report whether finance charges and/or late fees were assessed on the selected statements.

Results of Procedures Performed:

- a) Monthly statement and supporting documentation tested were reviewed and approved, in writing, by someone other than the authorized card holder.
- b) There were no finance or late charges.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results of Procedures Performed:

For each of the above procedures tested, no exceptions were noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results of Procedures Performed:

Management represented that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results of Procedures Performed:

The Authority follows Louisiana travel policy. Per diem and mileage rates were in compliance with the rates established by the U.S. General Services Administration.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of Procedures Performed:

For each of the above procedures tested, no exceptions were noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results of Procedures Performed:

Management represented that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawason Act or Home Rule Charter).

Results of Procedures Performed:

- a) There is a formal/written contract that supports the services arrangement and the amount paid for each contract that was tested.
- b) None of the contracts tested are subject to Louisiana Public Bid Law or Procurement Code. Bids were obtained for all contracts tested.
- c) None of the contracts were amended.

- d) Selected the largest payment from each of the contracts tested, obtained the supporting invoice, compared the invoice to the contract terms, and confirmed that the invoice and related payment complied with the terms and conditions of the contract.
- e) Board approval is not required.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results of Procedures Performed:

Management provided a listing of all employees and represented that the listing is complete.

- a) Payments to employees were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Changes made to hourly pay rates/salaries during the fiscal year were approved in writing and in accordance with written policy.
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results of Procedures Performed:

- a) All employees tested documented their daily attendance and leave.
 - b) There is written documentation that the supervisors approved the attendance and leave of the selected employees.
 - c) There is written documentation that the entity maintained written leave records on those selected employees that earned leave.
- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results of Procedures Performed:

Management provided a list of all terminated employees during FY 2017 and represented that the list is complete. No exceptions were noted in the above test.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results of Procedures Performed:

No exceptions were noted in the above test.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results of Procedures Performed:

I reviewed ethics training certificates for each of the five employees selected and noted no exceptions.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results of Procedures Performed:

Management represents that no alleged ethics violations were reported to the entity during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results of Procedures Performed:

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results of Procedures Performed:

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results of Procedures Performed:

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results of Procedures Performed:

Per inquiry of management, no funds were misappropriated during the fiscal year. Also, the results of independent audit procedures performed did not disclose any misappropriations.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of Procedures Performed:

The notice is properly posted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results of Procedures Performed:

No exception noted.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

Audit Solutions, LLC

Chesterfield, Missouri
April 23, 2018



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Housing Authority of Sabine Parish
Many, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of Sabine Parish (Authority), Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated April 23, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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.

Audit Solutions, LLC

Chesterfield, Missouri

April 23, 2018



Audit Solutions, LLC.

Certified Public Accountant

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

Board of Commissioners
Housing Authority of Sabine Parish
Many, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of Sabine Parish (Authority), Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of Sabine Parish, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Audit Solutions, LLC

Chesterfield, Missouri

April 23, 2018

HOUSING AUTHORITY OF SABINE PARISH
Many, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
<u>Identification of major programs:</u>	
➤ CFDA #14.871 Housing Choice Vouchers Program	
➤ CFDA #14.872 Capital Fund Program	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

The current audit report for the year ended December 31, 2017 disclosed no Financial Statement audit finding.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the year ended December 31, 2017 disclosed no Federal Awards audit finding and questioned costs.