

East Hodge Housing Authority
Village of East Hodge, Louisiana

Annual Financial Report
For the Year Ended March 31, 2023

**East Hodge Housing Authority
Village of East Hodge, Louisiana**

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Ernest L. Allen, CPA
(Retired) 1963 - 2000

Independent Auditor's Report

To the Commissioners of
East Hodge Housing Authority
Village of East Hodge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the East Hodge Housing Authority, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the East Hodge Housing Authority, as of March 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the East Hodge Housing Authority's basic financial statements. The accompanying supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility

of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2025, on our consideration of the East Hodge Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Allen, Green, & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
April 1, 2025

**East Hodge Housing Authority
Balance Sheet
March 31, 2023**

Statement A

Current Assets

Cash	341,288
Restricted Cash and Cash Equivalents	1,395
Accounts Receivable HUD	144,408
Tenants Accounts Receivable, Net	335
Total Current Assets	<u>487,426</u>

Noncurrent Assets

Capital Assets

Land, Structures & Equipment	1,033,352
Accumulated Depreciation	(883,521)
Total Noncurrent Assets	<u>149,831</u>

TOTAL ASSETS

\$ 637,257

LIABILITIES

Current Liabilities

Accounts Payable	4,033
Payroll Withholding	7,254
Accrued PILOT	34,659
Unearned Revenue	2,673
Total Current Liabilities	<u>48,619</u>

Current Liabilities Payable From Current Restricted Assets

Tenant Security Deposits	<u>1,395</u>
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TOTAL LIABILITIES

50,014

NET POSITION

Net Investment in Capital Assets	149,831
Unrestricted	437,412
TOTAL NET POSITION	<u>587,243</u>

TOTAL LIABILITIES AND NET POSITION

\$ 637,257

The notes to the financial statements are an integral part of this statement.

East Hodge Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended March 31, 2023

	Statement B
OPERATING REVENUES	
Dwelling Rent	\$ 75,380
Government Operating Grants	75,635
Other Tenant Revenue	754
Total Operating Revenue	<u>151,769</u>
OPERATING EXPENSES	
Administrative Salaries	21,571
Admin Employee Benefit	1,792
Other Administrative Expenses	20,538
Resident Participation	105
Utilities	4,978
Maintenance Expenses	32,821
Insurance	26,256
Payment in Lieu of Taxes	7,040
Depreciation Expense	23,714
Total Operating Expenses	<u>138,815</u>
Operating Income (Loss)	12,954
NONOPERATING REVENUES (EXPENSES)	
Insurance proceeds	<u>65,524</u>
CHANGE IN NET POSITION	78,478
NET POSITION BEGINNING	<u>508,765</u>
NET POSITION-ENDING	<u><u>\$ 587,243</u></u>

The notes to the financial statements are an integral part of this statement.

**East Hodge Housing Authority
Statement of Cash Flows
For the Year Ended March 31, 2023**

	Statement C
CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 76,453
Other receipts	754
Payments to vendors	(84,804)
Payments to employee	(21,571)
Federal grants	21,064
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(8,104)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(34,130)
CASH FLOWS FROM INVESTING ACTIVITIES	
Insurance proceeds	<u>65,524</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,290
CASH AND CASH EQUIVALENTS - BEGINNING	<u>319,393</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>342,683</u></u>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash	341,288
Restricted cash and cash equivalents	1,395
	<u><u>342,683</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	12,954
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	23,714
Change in assets and liabilities:	
Tenant accounts receivable, net	1,073
Accounts receivable HUD	(54,571)
Accounts payable	(514)
Payroll withholding	2,671
Accrued PILOT	7,040
Prepaid rent	(631)
Tenant security deposits	160
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (8,104)</u></u>

The notes to the financial statements are an integral part of this statement.

East Hodge Housing Authority
Notes to the Financial Statements
For the Year Ended March 31, 2023

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

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing affordable housing. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five-member Board of Commissioners. The member are appointed by the Honorable Mayor of the Village of East Hodge.

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

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

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Authority are rent and operating subsidy received from HUD. Operating expenses for proprietary funds include the administrative costs of providing the service to residents. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**East Hodge Housing Authority
Notes to the Financial Statements
For the Year Ended March 31, 2023**

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

E. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$1,000 for all items. Donated capital assets are recorded at their acquisition value. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight line depreciation is used based on the following estimated useful lives using a full-year convention method:

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

F. COMPENSATED ABSENCES Employees are allowed two weeks of annual time. Sick leave is allowed if approved by the Board of Commissioners. No payment is allowed for annual or sick leave upon termination.

G. RESTRICTED NET POSITION Net position is reported as restricted when constraints placed on net position use are either:

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

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

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The Housing Authority's deposits are recorded at cost. The carrying amount of deposits totaled \$342,683 which includes \$1,395 in deposits due others classified as restricted deposits.

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

Credit Rate Risk: The Housing Authority's policy does not address credit rate risk.

East Hodge Housing Authority
Notes to the Financial Statements
For the Year Ended March 31, 2023

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2023 the Housing Authority bank balance was \$342,967 in which \$250,000 was covered with federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Housing Authority's name. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon request. The Housing Authority's policy does not address custodial credit risk.

Restricted cash and cash equivalents: Restricted cash and cash equivalents at March 31, 2023, consisted of the \$1,395 in tenant security deposits.

NOTE 3 - ACCOUNTS RECEIVABLE The accounts receivable HUD is operating subsidy for the fiscal years 2021, 2022, and 2023. The tenant accounts receivable at March 31, 2023, consisted of accounts receivable from tenants of \$335 net of allowance for doubtful accounts of \$0.

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital asset, not depreciated				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Capital assets, depreciable				
Buildings	881,791	32,454	-	914,245
Furniture, Equipment & Machinery, Dwelling	32,270	-	-	32,270
Furniture, Equipment & Machinery, Administrative	12,941	-	-	12,941
Leasehold Improvements	37,221	1,675	-	38,896
Total capital assets, depreciable	964,223	34,129	-	998,352
Total capital assets	999,223	34,129	-	1,033,352
Less accumulated depreciation for:				
Buildings	780,577	23,345	-	803,922
Furniture, Equipment & Machinery, Dwelling	32,270	-	-	32,270
Furniture, Equipment & Machinery, Administrative	12,942	-	-	12,942
Leasehold Improvements	34,018	369	-	34,387
Total accumulated depreciation	859,807	23,714	-	883,521
Capital asset, Net	\$ 139,416	\$ 10,415	\$ -	\$ 149,831

NOTE 5 – ACCOUNTS PAYABLE

Description	Amount
Vendors	\$ 92
Employer's share of payroll taxes	3,941
	<u>\$ 4,033</u>

**East Hodge Housing Authority
Notes to the Financial Statements
For the Year Ended March 31, 2023**

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Litigation: At March 31, 2023, the Housing Authority was not involved in any litigation.

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

NOTE 7 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance. The Housing Authority has not made any significant reductions in insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 8 - ECONOMIC DEPENDENCE Due to the amount of funding received, the Housing Authority is economically dependent on the Department of Housing and Urban Development. The Department of Housing and Urban Development provided \$75,635 to the Housing Authority, which represents approximately 50% of the Housing Authority's operating revenue for the year.

NOTE 9 - INSURANCE PROCEEDS In the fiscal year ended March 31, 2023, the Housing Authority received \$65,524 in insurance proceeds from for tornado damage, which is classified as nonoperating revenue in the statement of revenues, expenses, and changes in fund net position.

NOTE 10 - SUBSEQUENT EVENTS In April 2023, the Board approved quotes for complex renovations including roofing, exterior renovations, and interior renovations.

NOTE 11 – NEW GASB STANDARD In the current fiscal year the Housing Authority implemented GASB Statement No. 87 – *Leases*. The principal objective of this statement is to improve accounting and financial reporting for leases by governments. It increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use the underlying asset. The adoption of this standard had no effect on beginning net position.

SUPPLEMENTARY INFORMATION

**East Hodge Housing Authority
Schedule of Compensation Paid Board Members
For the Year Ended March 31, 2023**

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

Jackye Belton, Board Chair

Willie Burroughs

Keith Dill

Irene Jones

Lorinzo Mason

East Hodge Housing Authority
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended March 31, 2023

Agency Head Name: Rose Foster, Executive Director Through December 31, 2022

Purpose:

Salary \$ 17,971

Agency Head Name: Gloria Moore, Executive Director From January 1, 2023 Through March 31, 2023

Purpose:

Salary \$ 3,600



ALLEN, GREEN & WILLIAMSON, LLP

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Supervisor: Sandra Harper, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

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

Independent Auditor's Report

Board Members
East Hodge Housing Authority
Village of East Hodge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of East Hodge Housing Authority as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated April 1, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control as described in the accompanying Schedule of Findings and Responses as item 2023-002 that we consider to be significant deficiencies.

Member: American Institute of Certified Public Accountants, Society of Louisiana Certified Public Accountants,
American Institute of Certified Public Accountants Division for CPA Firms,
Government Audit Quality Center
Equal Opportunity Employer

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2023-001.

The Housing Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green, & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
April 1, 2025

**East Hodge Housing Authority
Schedule of Findings and Responses
For the Year Ended March 31, 2023**

Reference # and title: **2023-001** **Late Submission of Report to Legislative Auditor**

Initially Reported: Fiscal year ended March 31, 2023.

Criteria or specific requirement: Louisiana Revised Statute 40:514 requires that "...the financial statements contained in annual reports of local housing authorities with gross revenues of \$250,000 or more shall be audited annually. Such financial statements of authorities with gross revenues of less than \$250,000 shall be audited at least biennially."

Condition found: This audit of the Housing Authority is the first audit that has been filed.

Possible asserted effect (cause and effect):

Cause: Miscommunication and misunderstanding of the new audit requirement for the Housing Authority.

Effect: The audit was not filed timely.

Recommendations to prevent future occurrences: Management should review and be familiar with the state law requirements and take steps to ensure that reports are filed timely.

Views of Management: See corrective action.

Management's Corrective Action: The Housing Authority contracted with a CPA firm to file statements with the Legislative Auditor's Office that meet the requirements of the state law.

Person Responsible for Corrective Action:

Gloria Moore
Executive Director
P. O. Box 1844
East Hodge, LA 71247
Phone: (318)259-4102
Fax (318)259-9628

**East Hodge Housing Authority
Schedule of Findings and Responses
For the Year Ended March 31, 2023**

Reference # and title: **2023-002** **Financial Management**

Initially Reported: Fiscal year ended March 31, 2023.

Criteria or specific requirement: Payroll taxes are required to be submitted to the applicable agency within the required deadline. Disbursements should be supported by an invoice or work order. Operating subsidy and capital funds should be requested from HUD as the funds are available. Minutes from Board meetings should be maintained.

Condition found: This finding reports non-compliance with payroll tax payments, lack of documentation for certain disbursements, and failure to draw down funds available from HUD which collectively demonstrates significant deficiencies in the financial controls and accountability of the Housing Authority.

There were no payments of payroll taxes during the fiscal year. There was also a balance due for prior years which resulted in total payables of \$11,063 due to the Internal Revenue Service for Federal, Social Security, and Medicare taxes on March 31, 2023.

Checks totaling \$5,324.60 were written for which no documentation was provided.

The Operating Subsidy available from HUD was not consistently requested from HUD. Included in the accounts receivable from HUD is \$38,327 for the fiscal year 2021, \$51,510 for the fiscal year 2022, and \$54,571 for the fiscal year 2023, totaling \$144,408. This was requested and received from HUD after year end in April 2023.

No board minutes were provided for the fiscal year prior to the January 2023 meeting.

Possible asserted effect (cause and effect):

Cause: There were significant challenges in leadership that affected the effectiveness of financial management practices.

Effect: These challenges resulted in oversight issues and lapses in adhering to established financial procedures.

Recommendations to prevent future occurrences: New management should prioritize improving oversight and accountability measures to ensure all financial responsibilities are met in a timely and thorough manner.

Views of Management: See corrective action.

Management's Corrective Action: The Housing Authority hired a new Executive Director on January 1, 2023. It is our goal to operate all financial matters in compliance with state rules. Operating subsidy and CFP fund withdrawals will be as allowed by HUD. All invoices will be paid and stamped the date of payment; filed with an invoice for each check, except the salary payments, then sent to HSA of Shreveport, LA in a timely manner. All major purchases are approved by the Board before purchase and financial reports made at the Commissioners Board meetings.

Person Responsible for Corrective Action:

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