

**Housing Authority of the
TOWN OF ARCADIA**
Arcadia, Louisiana

**Annual Financial Report
As of and for the Year Ended June 30, 2015**

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Basic Financial Statements

As of and for the Year Ended June 30, 2015

With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Arcadia
Arcadia, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the Town of Arcadia (the authority) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which 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.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Independent Auditor's Report, 2015

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

Opinions

In my opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the Housing Authority of the Town of Arcadia as of June 30, 2015, and the respective changes in net financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's discussion and analysis* as listed in the table of contents 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 us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the authority's basic financial statements. The Financial Data Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana
Independent Auditor's Report, 2015
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The Schedule of Compensation of Board Members has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated March 28, 2016 on my consideration of the authority'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 the authority's internal control over financial reporting and compliance.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

March 28, 2016

HOUSING AUTHORITY OF ARCADIA, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

JUNE 30, 2015

The management of Public Housing Authority of Arcadia, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending June 30, 2015. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$829,058 at the close of the fiscal year ended 2015.
 - ✓ Of this amount \$404,997 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts.
 - ✓ The remainder of \$424,061 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 55% of the total operating expenses of \$769,214 for the fiscal year 2015, which means the Authority might be able to operate about 7 months using the unrestricted assets alone, compared to 7 months in the prior fiscal year.
- The Housing Authority's total net position decreased by \$115,590, a 12% decrease from the prior fiscal year 2014. This decrease is attributable to significant decreases in Federal grants for both operations and capital improvements, described in more detail below.
- The decrease in net position of these funds was accompanied by an increase in unrestricted cash by \$81,148 from fiscal year 2014.
- The Authority spent \$15,375 on capital asset additions and \$960 on construction in progress during the current fiscal year.
- These changes led to a decrease in total assets by \$105,757 and an increase in total liabilities by \$9,832. As related measure of financial health, there are still over \$4 of current assets covering each dollar of total current liabilities, which compares to \$5 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2015?" The Statement of net position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

The Housing Authority accounts for all financial activity in a single enterprise fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

USING THIS ANNUAL REPORT

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

Low Rent Public Housing	\$ 273,200
Public Housing Capital Fund Program	<u>103,555</u>
Total funding received this current fiscal year	<u><u>\$ 376,755</u></u>

Housing Authority of Arcadia, Louisiana
 Management's Discussion and Analysis (MD&A)
 June 30, 2015

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

FINANCIAL ANALYSIS

The Housing Authority's net position was \$829,058 as of June 30, 2015. Of this amount, \$404,997 was invested in capital assets, and the remaining \$424,061 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general net position.

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position
 As of June 30, 2015**

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets	\$ 561,329	\$ 575,487
Capital assets, net of depreciation	404,997	496,596
Total assets	966,326	1,072,083
DEFERRED OUTFLOWS OF RESOURCES		
Deferred payments to government assistance programs	-	-
LIABILITIES		
Current liabilities	126,416	112,814
Non-current liabilities	10,852	14,622
Total liabilities	137,268	127,436
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues from government assistance programs	-	-
NET POSITION		
Invested in capital assets, net of depreciation	404,997	496,597
Unrestricted net position	424,061	448,050
Total net position	\$ 829,058	\$ 944,647

Housing Authority of Arcadia, Louisiana
 Management's Discussion and Analysis (MD&A)
 June 30, 2015

CONDENSED FINANCIAL STATEMENTS (Continued)

The net position of these funds decreased by \$115,590, or by 12%, from those of fiscal year 2014, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
 Fiscal Year Ended June 30, 2015**

	<u>2015</u>	<u>2014</u>	<u>Total Changes</u>
OPERATING REVENUES			
Tenant rental revenue	\$ 252,287	\$ 245,804	\$ 6,483
Government grants for operations	375,795	527,224	(151,429)
Other tenant revenue	8,356	11,278	(2,922)
Total operating revenues	<u>636,438</u>	<u>784,306</u>	<u>(147,868)</u>
OPERATING EXPENSES			
General	97,293	103,967	(6,674)
Ordinary maintenance and repairs	292,089	256,745	35,344
Administrative expenses and management fees	241,762	193,962	47,800
Utilities	18,609	18,535	74
Protective services	7,760	25,140	(17,380)
Depreciation	107,934	171,635	(63,701)
Tenant services	3,766	29,624	(25,858)
Total operating expenses	<u>769,214</u>	<u>799,608</u>	<u>(30,394)</u>
Income (losses) from operations	<u>(132,776)</u>	<u>(15,302)</u>	<u>(117,474)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	295	407	(112)
Gains from sale or disposal of assets	2,625	350	2,275
Other non-tenant revenue	13,306	6,888	6,418
Total non-operating revenues (expenses)	<u>16,226</u>	<u>7,645</u>	<u>8,581</u>
Income (losses) before capital contributions	<u>(116,550)</u>	<u>(7,657)</u>	<u>(108,893)</u>
CAPITAL CONTRIBUTIONS	<u>960</u>	<u>35,622</u>	<u>(34,662)</u>
CHANGES IN NET POSITION	<u>(115,590)</u>	<u>27,965</u>	<u>(143,555)</u>
NET POSITION, BEGINNING OF FISCAL YEAR	<u>944,648</u>	<u>916,682</u>	<u>27,966</u>
NET POSITION, END OF FISCAL YEAR	<u>\$ 829,058</u>	<u>\$ 944,647</u>	<u>\$ (115,589)</u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$173,949, or by 21%, from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue increased by \$3,561 from that of the prior fiscal year.
- Federal revenues from HUD for operations decreased by \$151,429, or by 29%, from that of the prior fiscal year. Primarily due to a reduced amount of operating funds from the CFP program.
- Federal Capital Funds from HUD decreased by \$34,662, or by 97%, from that of the prior fiscal year. Though the Housing Authority submitted a new grant this current fiscal year, they were still in the process of completing projects funded from grants by HUD for fiscal years 2010 through 2014.
- Total other non-operating revenue increased by \$6,418 from that of the prior fiscal year, because the Authority received proceeds from casualty insurance claims, which are recorded as other income by the Authority in the year received. In addition, gains on the sale of capital assets increased by \$2,275.
- Interest income totaling \$295, did not change significantly from the prior to the current year.

Compared with the prior fiscal year, total operating and non-operating expenses decreased \$30,394, or by 4%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense decreased by \$63,701, or by 37% from that of the prior fiscal year, because existing capital assets are reaching the end of their estimated useful lives.
- Maintenance and repairs increased by \$35,344, or by 14%, from that of the prior fiscal year, due to several factors: Repair staff wages increased by \$3,920; however, related employee benefit contributions decreased by \$4,647. Further, materials used increased by \$15,533, or by 14%, and contract labor costs increased by \$20,537, or by 83%, from that of the prior fiscal year.
- General Expenses decreased by \$6,674, or by 6%, from that of the prior fiscal year, and payments in lieu of taxes (PILOT) increased by \$641, or by 3%. PILOT is calculated as a percentage of rent minus utilities which, therefore, changed proportionately to the changes in each of these. Insurance premiums decreased by \$6,568, or by 10%, since property and casualty insurance premiums decreased; whereas, other general expenses increased by \$1,000. Lastly, bad debts increased by \$8,756, and compensated absences decreased by \$10,503, or by 100%, from that of the prior fiscal year.

Housing Authority of Arcadia, Louisiana
 Management's Discussion and Analysis (MD&A)
 June 30, 2015

- Administrative Expenses increased by \$47,800, or by 25%, from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries decreased by \$8,601, and related employee benefit contributions decreased by \$14,178; therefore, total staff salaries and benefit costs decreased by 21%. Office expenses increased \$56,147 or by 83%. In addition, travel expense increased 5,576, audit fees increased by \$2,690 and legal fees increased by \$6,260.
- Tenant Services decreased by \$25,858, or by 87%, from that of the prior fiscal year, due to a combination of factors: Staff salaries decreased by \$15,345, or by 100%; related employee benefit contributions decreased by \$9,042, or by 100%; lastly, other tenant services decreased by \$1,471, or by 28%.
- Protective services-contract decreased by \$17,380, or by 69%, from that of the prior fiscal year, and utilities, totaling \$18,609, did not change significantly from the prior to the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Housing Authority had a total cost of \$6,292,211 invested in a broad range of assets and construction in progress from projects funded in 2010 through 2014, listed below. This amount, not including depreciation, represents increases of \$16,334 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation
 As of June 30, 2015**

	<u>2015</u>	<u>2014</u>
Land	\$ 38,695	\$ 38,695
Construction in progress	25,598	24,638
Buildings	238,285	306,026
Leasehold improvements	83,038	107,986
Furniture and equipment	19,381	19,252
	<u> </u>	<u> </u>
Total	\$ 404,997	\$ 496,597

As of the end of the 2015 fiscal year, the Authority is still in the process of completing HUD grants of \$715,430 obtained during 2010 through 2014 fiscal years.

Debt

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2016 fiscal year have already been submitted to HUD for approval and no major changes are expected.

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

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Tammy Rallins, at Public Housing Authority of Arcadia, Louisiana; P.O. Box 210; Arcadia, LA 71001.

**Housing Authority of the Town of Arcadia
Arcadia, Louisiana
Statement of Net Position
As of June 30, 2015**

ASSETS

Current assets

Cash and cash equivalents	479,731
Receivables:	
HUD	11,119
Tenant rents, net of allowance	14,610
Accrued interest receivable	150
Prepaid expenses	41,425
Restricted assets - cash and cash equivalents	<u>14,294</u>

Total current assets	<u>561,329</u>
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Noncurrent assets

Capital assets:	
Nondepreciable capital assets:	
Land	38,695
Construction in progress	<u>25,598</u>
Total nondepreciable capital assets	<u>64,293</u>
Depreciable capital assets:	
Buildings and improvements	5,989,028
Furniture and equipment	238,891
Less accumulated depreciation	<u>(5,887,215)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>340,704</u>
Total capital assets, net of accumulated depreciation	<u>404,997</u>

Total assets	<u>966,326</u>
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TOTAL ASSETS	<u><u>966,326</u></u>
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(continued)

Housing Authority of the Town of Arcadia
Arcadia, Louisiana
Statement of Net Position
As of June 30, 2015

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	2,649
Payable to other governments	89,302
Accrued wages payable	11,239
Accrued compensated absences	4,082
Unearned revenue	2,721
Other liability	2,129
Security deposit liability	14,294
	<u>14,294</u>

Total current liabilities	<u>126,416</u>
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Noncurrent liabilities

Accrued compensated absences	10,852
	<u>10,852</u>

Total noncurrent liabilities	<u>10,852</u>
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TOTAL LIABILITIES	<u><u>137,268</u></u>
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NET POSITION

Net Investments in Capital Assets	404,997
Restricted	-
Unrestricted	424,061
	<u>424,061</u>

TOTAL NET POSITION	<u><u>\$ 829,058</u></u>
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The accompanying notes are an integral part of these financial statements.

Housing Authority of the Town of Arcadia
Arcadia, Louisiana
Statement of Revenues, Expenses, and Changes In Net Position
For the Year ended June 30, 2015

Operating Revenues	
HUD Operating Grants	\$ 375,795
Dwelling Rental	252,287
Other Operating	8,356
	<hr/>
Total operating revenues	636,438
	<hr/>
Operating Expenses	
General and administrative	339,055
Repairs and maintenance	292,088
Utilities	18,610
Tenant services	3,766
Protection services	7,760
Depreciation and amortization	107,934
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Total operating expenses	769,213
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Operating income (loss)	(132,775)
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Nonoperating Revenues (Expenses):	
Interest revenue	295
Miscellaneous revenues	15,931
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Total nonoperating revenues (expenses)	16,226
	<hr/>
Income (loss) before other revenues, expenses, gains, losses and transfers	(116,549)
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Capital contributions (grants)	960
	<hr/>
Increase (decrease) in net position	(115,589)
	<hr/>
Net position, beginning of year	944,647
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Net position, end of year	\$ 829,058
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The accompanying notes are an integral part of these financial statements.

Housing Authority of the Town of Arcadia
Statement of Cash Flows
For the Year ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 482,745
Receipts from tenants	252,978
Payments to suppliers	(510,925)
Payments to employees	<u>(141,600)</u>
Net cash provided by operating activities	<u>83,198</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	<u>15,931</u>
Net cash provided by noncapital financing activities	<u>15,931</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grants	960
Purchase and construction of capital assets	<u>(16,336)</u>
Net cash (used in) capital and related financing activities	<u>(15,376)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>295</u>
Net cash provided by investing activities	<u>295</u>
Net increase (decrease) in cash and cash equivalents	<u>84,048</u>
Cash and cash equivalents - beginning of year	<u>409,977</u>
Cash and Cash equivalents - unrestricted	479,731
Cash and Cash equivalents - restricted	14,294
Total Cash and Cash Equivalents - end of year	<u>\$ 494,025</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (132,775)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	107,934
Changes in assets and liabilities:	
HUD receivable	106,950
Tenant rents, net of allowance	(10,565)
Prepaid insurance	(3,096)
Inventories	4,918
Accounts payable	(20,674)
Accrued wages payable	7,911
PILOT Payable	23,367
Accrued compensated absences	(5,951)
Unearned revenue	2,043
Other liability	236
Security deposit liability	<u>2,900</u>
Net cash provided by operating activities	<u>\$ 83,198</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Basic Financial Statements

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying basic financial statements of the 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.

(1) Reporting Entity

The Housing Authority of The Town of Arcadia (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the Town of Arcadia, Louisiana. This formation was contingent upon the approval of the town.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the town and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

GASB Statement No. 14, as amended by GASB statement No. 39 and GASB Statement No. 61, establishes criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in the GASB statements, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The authority has no component units, defined by the GASB statements as other legally separate organizations for which the elected authority members are financially accountable.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements, 2015 – Continued

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

(2) Funds

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

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

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 authority's enterprise fund are HUD operating grants and subsidies, and tenant dwelling rents. Operating expenses include General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments, which was unanimously approved in June 1999 by the GASB.

(3) Measurement focus and basis of accounting

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method,

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements, 2015 – Continued

revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this management focus all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

(4) Assets, liabilities, and net position

(a) Deposits

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

(b) Inventory and prepaid items

All inventories are valued at cost on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

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

(c) Restricted Assets

Cash equal to the amount of tenant security deposits is reflected as restricted.

(d) Capital assets

Capital assets of the authority are included in the statement of net position and are recorded at actual cost. The capitalization threshold is \$1,500. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

Buildings	20 years
Modernization and improvements	10 years
Furniture and equipment	3-5 years

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements, 2015 – Continued

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At June 30, 2015, the management of the authority established an allowance for doubtful accounts of approximately \$15,912.

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and sick pay is accrued when incurred and reported as a liability. Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned.

(h) Restricted net position

Restricted net positions are reported as restricted when constraints placed on net positions 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 resources are available.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements, 2015 – Continued

(i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 government-wide financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – DEPOSITS

Deposits are stated at cost, which approximates fair value. Under state law and/or federal regulation, these deposits, or the resulting bank balances, must be in Federal Securities, secured by federal deposit insurance or the pledge of federal securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of June 30, 2015, the authority's carrying amount of deposits was \$494,025, which includes the following:

Cash and cash equivalents-unrestricted	\$479,731
Cash and cash equivalents- restricted	14,294
Total	\$494,025

Interest Rate Risk—The authority's policy does not address interest rate risk.

Credit Rate Risk—Since all of the authority's deposits are federally insured and/or backed by federal securities, the authority does not have credit rate risk.

Custodial Credit Risk—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$506,106 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements, 2015 – Continued

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows:

	<u>6 30 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>6 30 2015</u>
Nondepreciable Assets:				
Land	38,695			38,695
Construction in Progress	24,637	961	-	25,598
Depreciable Assets:				
Building and improvements	5,989,028	-	-	5,989,028
Furniture and equipment	<u>223,517</u>	<u>15,374</u>	<u>-</u>	<u>238,891</u>
Total	<u>6,275,877</u>	<u>16,335</u>	<u>-</u>	<u>6,292,212</u>
Less accumulated depreciation				
Building and improvements	5,571,308	97,703	-	5,669,011
Furniture and equipment	<u>207,973</u>	<u>10,231</u>	<u>-</u>	<u>218,204</u>
Total accumulated depreciation	<u>5,779,281</u>	<u>107,934</u>	<u>-</u>	<u>5,887,215</u>
Net Capital Assets	<u>496,596</u>	<u>(91,599)</u>	<u>-</u>	<u>404,997</u>

NOTE D – CONSTRUCTION COMMITMENTS

The authority is engaged in a modernization program and has entered into construction type contracts with approximately \$90,160 remaining until completion.

NOTE E – COMPENSATED ABSENCES

At June 30, 2015, employees of the authority have accumulated and vested \$20,261 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$10,852 is reported in long-term debt.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements, 2015 – Continued

NOTE F – LONG TERM OBLIGATIONS

As of June 30, 2015, long term obligations consisted of compensated absences in the amount of \$10,852. The following is a summary of the changes in the long term obligations for the year ended June 30, 2015.

	Compensated Absences
Balance as of July 1, 2014	\$20,885
Additions	14,310
Deductions	(20,261)
Balance as of June 30, 2015	<u>14,934</u>
Long Term Portion	<u>10,852</u>
Amount due in one year (Short term)	<u>\$4,082</u>

NOTE G – POST EMPLOYMENT RETIREMENT BENEFITS

The authority does not provide any post employment retirement benefits. Therefore the authority does not include any entries for unfunded actuarial accrued liability, net OPEB expense, or annual contribution required.

NOTE H - RETIREMENT PLAN

The authority provides a Simplified Employee Pension whereby the employer agrees to provide discretionary contributions to the individual retirement accounts (IRAs) of its eligible employees. During the year the authority contributed \$9,136 to employee IRA's.

NOTE I – RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

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

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements, 2015 – Continued

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

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE J – FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries. The authority is subject to HUD's consideration of reducing grants in order to have the authority utilize authority Equity to fund expenses.

NOTE K – RELATED PARTY TRANSACTIONS

The authority entered into an interagency agreement with Youngsville Housing Authority for emergency management services whereas the Executive Director for Youngsville Housing Authority will provide management services to the authority. The management fee is \$4,000 / month plus expenses and the term of the agreement is six months with an option to renew for an additional six month period. The term of the agreement was from February 2015 through August 2015 and it was not renewed.

NOTE L – SUBSEQUENT EVENTS

During August 2015 a staff member from the Legislative Auditor's office visited the authority and has yet to provide a written or verbal report on their observations.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Notes to the Financial Statements, 2015 – Continued

NOTE M – ECONOMIC DEPENDENCE

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$376,755 to the authority, which represents approximately 58% of the authority's total revenue for the year.

Financial Data Schedule

Housing Authority of the Town of Arcadia (LA045)

ARCADIA, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2015

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$479,731	\$479,731	\$479,731
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$0	\$0
114 Cash - Tenant Security Deposits	\$14,294	\$14,294	\$14,294
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0
100 Total Cash	\$494,025	\$494,025	\$494,025
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$11,119	\$11,119	\$11,119
124 Accounts Receivable - Other Government	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$30,522	\$30,522	\$30,522
126.1 Allowance for Doubtful Accounts - Tenants	-\$15,912	-\$15,912	-\$15,912
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0
129 Accrued Interest Receivable	\$150	\$150	\$150
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$25,879	\$25,879	\$25,879
131 Investments - Unrestricted			
132 Investments - Restricted	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$41,425	\$41,425	\$41,425
143 Inventories	\$0	\$0	\$0
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0
150 Total Current Assets	\$561,329	\$561,329	\$561,329
161 Land	\$38,695	\$38,695	\$38,695
162 Buildings	\$5,478,620	\$5,478,620	\$5,478,620
163 Furniture, Equipment & Machinery - Dwellings	\$59,174	\$59,174	\$59,174
164 Furniture, Equipment & Machinery - Administration	\$179,717	\$179,717	\$179,717
165 Leasehold Improvements	\$510,408	\$510,408	\$510,408
166 Accumulated Depreciation	-\$5,887,215	-\$5,887,215	-\$5,887,215
167 Construction in Progress	\$25,598	\$25,598	\$25,598
168 Infrastructure	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$404,997	\$404,997	\$404,997
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current	\$0	\$0	\$0
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$404,997	\$404,997	\$404,997
200 Deferred Outflow of Resources	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$966,326	\$966,326	\$966,326

Financial Data Schedule

Housing Authority of the Town of Arcadia (LA045) ARCADIA, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2015

	Project Total	Subtotal	Total
311 Bank Overdraft	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$2,649	\$2,649	\$2,649
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$11,239	\$11,239	\$11,239
322 Accrued Compensated Absences - Current Portion	\$4,082	\$4,082	\$4,082
324 Accrued Contingency Liability	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$89,302	\$89,302	\$89,302
341 Tenant Security Deposits	\$14,294	\$14,294	\$14,294
342 Unearned Revenue	\$2,721	\$2,721	\$2,721
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$2,129	\$2,129	\$2,129
347 Inter Program - Due To	\$0	\$0	\$0
348 Loan Liability - Current			
310 Total Current Liabilities	\$126,416	\$126,416	\$126,416
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$10,852	\$10,852	\$10,852
355 Loan Liability - Non Current			
356 FASB 5 Liabilities	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$10,852	\$10,852	\$10,852
300 Total Liabilities	\$137,268	\$137,268	\$137,268
400 Deferred Inflow of Resources	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$404,997	\$404,997	\$404,997
511.4 Restricted Net Position	\$0	\$0	\$0
512.4 Unrestricted Net Position	\$424,061	\$424,061	\$424,061
513 Total Equity - Net Assets / Position	\$829,058	\$829,058	\$829,058
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$966,326	\$966,326	\$966,326

Financial Data Schedule

Housing Authority of the Town of Arcadia (LA045) ARCADIA, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2015

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$252,287	\$252,287	\$252,287
70400 Tenant Revenue - Other	\$8,356	\$8,356	\$8,356
70500 Total Tenant Revenue	\$260,643	\$260,643	\$260,643
70600 HUD PHA Operating Grants	\$375,795	\$375,795	\$375,795
70610 Capital Grants	\$960	\$960	\$960
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$295	\$295	\$295
71200 Mortgage Interest Income	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0	\$0
71500 Other Revenue	\$15,931	\$15,931	\$15,931
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0
70000 Total Revenue	\$653,624	\$653,624	\$653,624
91100 Administrative Salaries	\$60,486	\$60,486	\$60,486
91200 Auditing Fees	\$13,900	\$13,900	\$13,900
91300 Management Fee			
91310 Book-keeping Fee	\$0	\$0	\$0
91400 Advertising and Marketing	\$134	\$134	\$134
91500 Employee Benefit contributions - Administrative	\$26,535	\$26,535	\$26,535
91600 Office Expenses	\$107,315	\$107,315	\$107,315
91700 Legal Expense	\$6,260	\$6,260	\$6,260
91800 Travel	\$11,015	\$11,015	\$11,015
91810 Allocated Overhead	\$0	\$0	\$0
91900 Other	\$16,117	\$16,117	\$16,117
91000 Total Operating - Administrative	\$241,762	\$241,762	\$241,762
92000 Asset Management Fee	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0
92200 Relocation Costs	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0
92400 Tenant Services - Other	\$3,766	\$3,766	\$3,766
92500 Total Tenant Services	\$3,766	\$3,766	\$3,766

Financial Data Schedule

Housing Authority of the Town of Arcadia (LA045) ARCADIA, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2015

	Project Total	Subtotal	Total
93100 Water	\$563	\$563	\$563
93200 Electricity	\$15,835	\$15,835	\$15,835
93300 Gas	\$2,045	\$2,045	\$2,045
93400 Fuel	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0
93600 Sewer	\$167	\$167	\$167
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0
93000 Total Utilities	\$18,610	\$18,610	\$18,610
94100 Ordinary Maintenance and Operations - Labor	\$81,114	\$81,114	\$81,114
94200 Ordinary Maintenance and Operations - Materials and Other	\$124,862	\$124,862	\$124,862
94300 Ordinary Maintenance and Operations Contracts	\$45,269	\$45,269	\$45,269
94500 Employee Benefit Contributions - Ordinary Maintenance	\$40,843	\$40,843	\$40,843
94000 Total Maintenance	\$292,088	\$292,088	\$292,088
95100 Protective Services - Labor	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$7,760	\$7,760	\$7,760
95300 Protective Services - Other	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0
95000 Total Protective Services	\$7,760	\$7,760	\$7,760
96110 Property Insurance	\$45,101	\$45,101	\$45,101
96120 Liability Insurance	\$2,594	\$2,594	\$2,594
96130 Workmen's Compensation	\$6,053	\$6,053	\$6,053
96140 All Other Insurance	\$3,969	\$3,969	\$3,969
96100 Total insurance Premiums	\$57,717	\$57,717	\$57,717
96200 Other General Expenses	\$1,000	\$1,000	\$1,000
96210 Compensated Absences	\$0	\$0	\$0
96300 Payments in Lieu of Taxes	\$23,368	\$23,368	\$23,368
96400 Bad debt - Tenant Rents	\$15,208	\$15,208	\$15,208
96500 Bad debt - Mortgages	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0
96000 Total Other General Expenses	\$39,576	\$39,576	\$39,576
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$661,279	\$661,279	\$661,279
97000 Excess of Operating Revenue over Operating Expenses	-\$7,655	-\$7,655	-\$7,655

Financial Data Schedule

Housing Authority of the Town of Arcadia (LA045) ARCADIA, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2015

	Project Total	Subtotal	Total
97100 Extraordinary Maintenance	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$0	\$0
97350 HAP Portability-In	\$0	\$0	\$0
97400 Depreciation Expense	\$107,934	\$107,934	\$107,934
97500 Fraud Losses	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense	\$0	\$0	\$0
90000 Total Expenses	\$769,213	\$769,213	\$769,213
10010 Operating Transfer In	\$102,595	\$102,595	\$102,595
10020 Operating transfer Out	-\$102,595	-\$102,595	-\$102,595
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$115,589	-\$115,589	-\$115,589
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$944,647	\$944,647	\$944,647
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1440	1440	1440
11210 Number of Unit Months Leased	1357	1357	1357
11270 Excess Cash	\$338,382	\$338,382	\$338,382
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$960	\$960	\$960
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

**Housing Authority of the Town of Arcadia
Schedule of Compensation, Benefits and Other Payments to Agency Head
or Chief Executive Officer**

For the Year Ended June 30, 2015

Patti Martin, Executive Director

Purpose	Amount
Salary	29,546
Benefits-insurance	9,523
Benefits-retirement	3,007
Car allowance	0
Reported value of the use of a vehicle provided by the agency for this FY, this should correspond to IRS reporting.	0
Travel	310
Unvouchered Expenses (such as advances not settled up @ FYE)	15

***Served for 6 months of FY June 30, 2015

Tammy Rallins, Executive Director

Purpose	Amount
Salary	4,629
Benefits-insurance	0
Benefits-retirement	0
Car allowance	0
Reported value of the use of a vehicle provided by the agency for this FY, this should correspond to IRS reporting.	0
Travel	1,000
Unvouchered Expenses (such as advances not settled up @ FYE)	0

***Served for 2 months of FY June 30, 2015

HOUSING AUTHORITY OF THE TOWN OF ARCADIA
Arcadia, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended June 30, 2015

Mattie Nelson	\$	850
Sharolyn Boston	\$	1,275
Eula Murphy	\$	850
Dorothy Clarkson	\$	850
Amanda Eastman	\$	250

William Daniel McCaskill, CPA
A Professional Accounting Corporation
415 Magnolia Lane
Mandeville, Louisiana 70471

Telephone 866-829-0993
Fax 225-665-1225
E-mail danny@highperformer.net

Member of
Louisiana Society of CPA's
American Institute of CPA's

**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 the Town of Arcadia
Arcadia, 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 Housing Authority of the Town of Arcadia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated March 28, 2016.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions 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.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, I identified certain deficiencies in internal control that I consider to be material weaknesses.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Report on Internal Control... *Government*

Auditing Standards, 2015

Page Two

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. I consider the deficiencies described in the accompanying schedule of findings to be material weaknesses. See Finding 2015-001 and 2015-002.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2015-001 and 2015-002.

The Authority's responses to the findings identified in my audit are described in the accompanying schedule of findings. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

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 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 Legislative Auditor as a public document.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

March 28, 2016

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Schedule of Findings
Fiscal Year Ended June 30, 2015

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? X yes no

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana
Schedule of Findings
Fiscal Year Ended June 30, 2015

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

FINDING 2015-001

Condition: Inadequate internal controls exhibited by AHA include:

- a) The authority could not locate and did not publish recorded minutes for 4 board meetings during the fiscal year.
- b) One board members spouse contracted to perform services for the authority.
- c) The authority did not execute a contract with the Executive Director.
- d) Incorrect calculation of employee leave balances.
- e) Failure to submit 1099 reports to the IRS.
- f) Failure to make pension plan payments for 6 months of the fiscal year.
- g) No support for credit card transactions totaling \$2,129.
- h) Inadequate support for travel reimbursements made to one employee.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana
Schedule of Findings
Fiscal Year Ended June 30, 2015

Criteria: Proper Internal Controls should include the following:

- a) Board Minutes should be timely recorded in written form and published.
- b) AHA should not engage the spouse of a Board Member to perform services for a fee per Federal 24 CFR 85.36(b)(3) and Section 19 of the ACC and the State of Louisiana LSA – R.S. 42:1113.
- c) Per State Law all Executive Directors of Louisiana Public Housing Authorities should execute a proper written employment contract.
- d) Employee leave balances should be correctly calculated and recorded on the general ledger. New AHA staff incorrectly calculated leave balances causing the fee accountant to post incorrect leave amounts to the general ledger.
- e) The Federal Government requires AHA to complete and provide 1099's to each contractor paid an annual amount over a certain threshold.
- f) Per AHA Policies and Procedures, AHA must make periodic pension plan payments for certain employees.
- g) All expenditures, including credit card expenditures, must include proper documentation to support the expenditure of public funds.
- h) All travel reimbursements must be supported by adequate documentation.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana
Schedule of Findings
Fiscal Year Ended June 30, 2015

Cause:

- a) During the fiscal year management was changed and there was a period where no executive director was formally in place. Additionally, for a 6 month period the AHA entered into an interagency agreement whereby a 3rd party PHA provided management assistance to AHA. It appears during these changes the AHA computer files containing the board minutes was misplaced. AHA staff and the Board Members assert that they do not think the missing board minutes was intentional and that nothing materially significant occurred during the board meetings in question.
- b) The AHA Board and staff apparently were not aware contracting with a Board Members Spouse was in violation of Federal Regulation and State Law.
- c) Apparently the AHA Board was not aware State Law requires AHA and the ED to execute a proper written employment contract.
- d) New AHA staff did not understand how the leave balance forms were to be correctly filled out.
- e) New AHA staff was unaware of the 1099 requirement.
- f) New AHA staff was unaware of the requirement of periodic AHA pension plan payments.
- g) Apparently, new AHA staff was unaware of the basic requirement to maintain proper supporting documentation for all credit card expenditures.
- h) Apparently, new AHA staff was unaware travel reimbursements must be properly supported by adequate documentation.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana
Schedule of Findings
Fiscal Year Ended June 30, 2015

Effect:

- a) AHA did not exhibit proper internal controls regarding control of the board minutes. The audit report was delayed a significant period of time while AHA staff attempted to locate the missing minutes. The assertions by the AHA board members allowed the auditor to take the position that the minutes were unintentionally misplaced, did not contain materially significant decisions, and I did not modify the audit opinion accordingly.
- b) AHA apparently violated Federal 24 CFR 85.36(b)(3) and Section 19 of the ACC and the State of Louisiana LSA – R.S. 42:1113 by contracting with the Spouse of a Board Member.
- c) AHA apparently violated State Law by not providing and executing an employment contract with the Executive Director. Note that subsequent to fiscal year end AHA did execute a contract with the executive director.
- d) The leave balances as recorded by AHA were incorrectly posted in the general ledger. Because the differences were not material to the FS's the auditor executed a Passed Audit Adjusting Journal Entry.
- e) AHA did not provide 1099's to contractors and to the Federal Government as required by the Federal Government.
- f) AHA did not comply with its own Policies and Procedures concerning Pension Plan contributions.
- g) AHA did not comply with its own Policies and Procedures, State Law, and Federal Regulations requiring supporting documentation for credit card expenditures.
- h) AHA did not comply with its own Policies and Procedures, State Law, and Federal Regulations requiring supporting documentation for travel reimbursements.

Recommendation: See criteria above

PHA Response: See Corrective Action Plan

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana
Schedule of Findings
Fiscal Year Ended June 30, 2015

FINDING 2015-002

Condition: This 6/30/2015 audit is being published in May 2016 and therefore is late per Federal regulations and State law.

Criteria: In accordance with the HUD regulations the authority is required to complete and submit the audited financial statements within 9 months of fiscal year end. Louisiana State Law RS 24:513A (5) (a) (i) requires the authority to complete and submit the annual audit within 6 months after FYE.

Cause: The authority did not timely provide the auditor with the documentation required to complete the audit. Apparently, multiple changes of management was part of the cause of the delays. The auditor accepts absolutely no responsibility for the audit report being published late.

Effect: This audit was late and therefore not in compliance with Federal Regulations and State Law.

Recommendation: I recommend that AHA timely provide the auditor all information required in order to avoid a late audit.

PHA Response: See Corrective Action Plan

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Schedule of Prior Year Audit Findings

Fiscal Year Ended June 30, 2015

FINDING 2014-001

The authority has not executed a contract with the executive director.

This is repeated in finding 2015-001.

FINDING 2014-002

Late audit per state law.

This is repeated in Finding 2015-002.

HOUSING AUTHORITY OF THE TOWN OF ARCADIA

Arcadia, Louisiana

Corrective Action Plan for Current Year Findings

For Fiscal Year Ended June 30, 2015

FINDINGS—FINANCIAL STATEMENTS AUDIT

FINDING 2015-001

Person Responsible— the Board of Commissioners

Anticipated Completion Date – 12-31-2016

Corrective Action Planned: The authority will adopt proper written policies and procedures addressing and correcting each issue described in this audit finding. The authority is taking every step to ensure that new AHA staff is properly trained to avoid these and similar mistakes in the future.

FINDING 2015-002

Person Responsible— the Board of Commissioners

Anticipated Completion Date – 6-30-2016

Corrective Action Planned: We will take all necessary actions to ensure that the auditor receives the documentation necessary to complete the audit for FYE 6-30-16 by 9-30-2016 in order to meet the Federal and State audit deadlines. We agree that the auditor bears no responsibility for the audit report being published late.