



Proven Expertise & Integrity

March 27, 2026

Board of Commissioners
Lewiston Housing Authority
86 Lisbon Street
Lewiston, Maine 04240

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the business-type activities and the aggregate discretely presented component units of the Lewiston Housing Authority as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Lewiston Housing Authority's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Lewiston Housing Authority's internal control over financial reporting or compliance.

During our audit, we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of the Lewiston Housing Authority. The following page summarizes our comments and suggestions on those matters.

This report is intended solely for the information and use of the Board of Commissioners, management and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2025, where we expressed an unmodified opinion on our independent auditor's report dated March 27, 2026.

Lack of Formal Internal Control Policies

During our audit, we noted that the organization does not have formalized written internal control policies governing key financial processes, including (but not limited to) cash disbursements, revenue recognition, journal entry approval, segregation of duties, and system access controls. While certain practices are performed informally, they are not documented or consistently applied across departments.

The absence of formal internal control policies increases the risk of inconsistent practices, errors, and potential fraud. Without written guidance, employees may perform tasks without a clear understanding of required procedures, approval thresholds, or responsibilities. This lack of structure may also hinder management's ability to monitor compliance, enforce accountability, and ensure accurate and reliable financial reporting.

Timeliness of Bank Reconciliation's

During our review of the Housing Authority's cash management processes, we noted that bank reconciliations are not being completed or reviewed on a timely basis, with several accounts reconciled more than 30 days after month-end. HUD guidelines and sound internal controls require prompt reconciliations to ensure accurate reporting and safeguard federal funds. Untimely reconciliations increase the risk that errors or irregularities may go undetected and may impact the reliability of financial information used for HUD reporting. We recommend the Authority establish a formal month-end reconciliation schedule, assign clear responsibilities, and ensure supervisory review is completed promptly.

Cash -

A cash variance was due to certain accounts missing from the Financial Data Schedule (FDS). Project-Based Voucher (PBV) and Escrow Forfeitures Account (EFA) balances were omitted from the FDS, while still being included in the underlying cash reconciliation totals. This resulted in an overstatement of cash reported on the FDS and indicates the need for improved procedures.

Custodial Credit Risk (Uncollateralized Deposits)

The Authority maintains cash deposits that were not fully insured or collateralized, resulting in exposure to custodial credit risk. While a portion of deposits was either federally insured or secured by a standby letter of credit, a significant balance remained uninsured and uncollateralized.

Debt Reporting

Debt was not reconciled between the general ledger, supporting schedules, and the Financial Data Schedule (FDS). Certain balances such as a prior debt amount and a newly identified revolving line of credit were not appropriately updated in the FDS, resulting in incorrect reporting of the Authority's obligations. The Authority should strengthen procedures to ensure all debt is properly identified, reconciled, and updated in the FDS on a timely basis.

Construction in Progress

The Construction in Progress (CIP) balance reported on the Financial Data Schedule (FDS) was not accurately presented due to misclassification and inconsistent recording of adjustments between funds. Certain reclassifications between notes receivable, were not consistently reflected across the financial statements, resulting in a misstatement of related accounts. This indicates a need for improved review and reconciliation procedures to ensure CIP and related balances are properly recorded and accurately reported on the FDS.

We would like to thank Gianni and all of the staff at the Lewiston Housing Authority for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

RHR Smith & Company, CPAs