

**Housing Authority of the
CITY OF DONALDSONVILLE**
Donaldsonville, Louisiana

**Annual Financial Report
As of and for the Year Ended December 31, 2019**

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
Basic Financial Statements
As of and for the Year Ended December 31, 2019
With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Donaldsonville
Donaldsonville, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Donaldsonville (the authority) as of and for the year ended December 31, 2019, 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 CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Independent Auditor's Report, 2019

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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 City of Donaldsonville as of December 31, 2019, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

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 me 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; the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the Statement and Certification of Actual Modernization Cost are presented for purposes of additional analysis and are not a required part of the basic financial statements.

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

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The Financial Data Schedule; the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the Statement and Certification of Actual Modernization Cost 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.

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 May 21, 2020 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

May 21, 2020

Housing Authority of the City of Donaldsonville

Management's Discussion and Analysis For the Year Ended, December 31, 2019

The Housing Authority of the City of Donaldsonville (the "Authority") management's discussion and analysis report is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

This financial report is designed to provide an overview of the Authority's total financial picture for the fiscal year ending December 31, 2019, for those with an interest. We encourage readers to consider the information presented here in conjunction with the Housing Authority's included audited financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the City of Donaldsonville, 1501 St. Patrick Street, Donaldsonville, LA 70346

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by \$28,156 during the fiscal year.
- The Authority's operating revenue decreased by \$136,783 during the fiscal year.
- The Authority's operating expenses increased by \$19,790 during the fiscal year.
- At the close of the current fiscal year, the Authority's Assets exceeded its Liabilities by \$3,783,404.
- The Authority administers federal, state and local grants to benefit the low income and elderly citizens of the City of Donaldsonville.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, Department of Housing and Urban Development mandated program administrative changes, and the physical condition of capital assets.

Housing Authority of the City of Donaldsonville

Management's Discussion and Analysis For the Year Ended, December 31, 2019

The following statements are included:

- **Statement of Net Position** - this statement reports the Authority's assets, liabilities and net position at the end of the fiscal year. You can think of the Authority's net position as the difference between what the Authority owns (assets) and what the Authority owes (liabilities).
- **Statement of Revenues, Expenses, and Changes in Net Position** - this statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in future periods.
- **Statement of Cash Flows** - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year (i.e., receivables and payables).
- **Notes to the Basic Financial Statements** - notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided. These notes provide greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplemental information. This information provides additional detail on the Authority's various programs and the required information mandated by regulatory bodies that fund the Authority's various programs.

Housing Authority of the City of Donaldsonville

Management's Discussion and Analysis For the Year Ended, December 31, 2019

Financial Analysis

Condensed Statement of Net Position

	2019	2018	Total Change
ASSETS			
Current assets	\$ 1,012,574	\$ 1,014,867	\$ (2,293)
Restricted assets	370,390	368,773	1,617
Capital assets (net)	2,512,532	2,538,306	(25,774)
Total Assets	<u>3,895,496</u>	<u>3,921,946</u>	<u>(26,450)</u>
LIABILITIES			
Current liabilities	34,198	34,279	(81)
Tenant security deposits	52,297	50,693	1,604
Noncurrent liabilities	25,597	25,414	183
Total Liabilities	<u>112,092</u>	<u>110,386</u>	<u>1,706</u>
NET POSITION			
Net investment in capital assets	2,512,532	2,538,306	(25,774)
Restricted net position	318,093	318,080	13
Unrestricted net position	952,779	955,174	(2,395)
Total Net Position	<u>\$ 3,783,404</u>	<u>\$ 3,811,560</u>	<u>\$ (28,156)</u>

Current Assets decreased by \$2,293.

Capital Assets decreased by \$25,774. This decrease is a result of current depreciation expense exceeding the completion of capital improvements undertaken by the Authority during the year.

Current Liabilities decreased by \$81 as a result of a decrease in accrued wages payable and unearned revenue, offset by increased accounts payable to vendors and accrued compensated absences in FYE 2019 as compared to FYE 2018.

Noncurrent Liabilities increased by \$183 as a result of an increase in accrued noncurrent compensated absences during the year.

Net position - The difference between the Authority's rights (assets) and the Authority's obligations (liabilities) is its net position. Net position is categorized as one of three types.

- Net Investment in capital assets - capital assets, net of accumulated depreciation and related debt, is the capital asset balance offset by long-term debt;
- Restricted - the Authority's net position whose use is subject to constraints imposed by law or agreement consisting primarily of debt service reserves;

Housing Authority of the City of Donaldsonville

Management's Discussion and Analysis For the Year Ended, December 31, 2019

- Unrestricted - the Authority's net position that is neither invested in capital assets nor restricted which increase principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors.

Financial Analysis

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
Operating Revenues:			
HUD Operating Grants	\$ 330,068	\$ 467,271	\$ (137,203)
Dwelling Rental	515,929	512,067	3,862
Other Operating	<u>22,437</u>	<u>25,879</u>	<u>(3,442)</u>
Total operating revenues	868,434	1,005,217	(136,783)
Operating Expenses:			
General and administrative	484,387	481,185	3,202
Repairs and maintenance	285,697	271,172	14,525
Utilities	62,638	52,570	10,068
Tenant services	12,942	15,063	(2,121)
Protection services	53,379	56,035	(2,656)
Depreciation and amortization	<u>317,892</u>	<u>321,120</u>	<u>(3,228)</u>
Total operating expenses	<u>1,216,935</u>	<u>1,197,145</u>	<u>19,790</u>
Operating income (loss)	(348,501)	(191,928)	(156,573)
Nonoperating Revenues (Expenses):			
Capital contributions (grants)	252,659	30,337	222,322
Interest revenue	3,844	3,311	533
Miscellaneous revenue	63,842	58,280	5,562
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>320,345</u>	<u>91,928</u>	<u>228,417</u>
Increase (decrease) in net position	(28,156)	(100,000)	71,844
Net position, beginning of year	<u>3,811,560</u>	<u>3,911,560</u>	<u>(100,000)</u>
Net position, end of year	<u>\$ 3,783,404</u>	<u>\$ 3,811,560</u>	<u>\$ (28,156)</u>

Housing Authority of the City of Donaldsonville

Management's Discussion and Analysis For the Year Ended, December 31, 2019

EXPLANATIONS OF FINANCIAL ANALYSIS

Operating Revenue decreased by \$136,783 for the 2019 fiscal year. This decrease represents a decrease in HUD operating grants and other operating revenue, offset by an increase in dwelling rental.

Operating Expenses are categorized by the Authority as general and administrative, repairs and maintenance, utilities, tenant services, protective services and depreciation expense.

Total operating expenses increased by \$19,790. This increase is attributable to increases in general and administrative expense, repairs and maintenance expense, as well as, utilities expense, offset by a decrease in tenant services expense, protection services expense and depreciation expense for the 2019 fiscal year.

General and Administrative Expenses increased by \$3,202 for the 2019 fiscal year. Most of the increase is attributable to increases in administrative salaries, auditing fees, employee benefit contributions, other administrative expenses, insurance expense, compensated absences expense and general expenses, offset by decreases in office expenses, travel expenses, payments in lieu of taxes expense and bad debt expense.

Repairs and Maintenance Expenses increased by \$14,525 for the 2019 fiscal year. The increase is related to increases in ordinary maintenance contract expenses, employee benefit contributions and extraordinary maintenance expenses, offset by a decrease in ordinary maintenance and operations labor, as well as, a reduction in usage of materials incurred in connection with the continuation of unit turnaround efforts for the 2019 fiscal year as compared to the 2018 fiscal year.

Tenant Services Expense decreased by \$2,121.

Protection Services Expense decreased by \$2,656 for the 2019 fiscal year. Contract security related costs concerning protection services decreased in FYE 2019 as compared to FYE 2018.

Nonoperating Revenues increased by \$228,417 mainly due to an increase in capital grants received for the 2019 fiscal year.

CAPITAL ASSET

The Authority's capital assets as of December 31, 2019, amounts to \$2,512,532 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, furniture and equipment, construction in progress, and accumulated depreciation. The total decrease in the Authority's capital assets for the current fiscal year was \$25,774.

Housing Authority of the City of Donaldsonville

Management's Discussion and Analysis For the Year Ended, December 31, 2019

Capital Assets, Net of Accumulated Depreciation

	<u>2019</u>	<u>2018</u>	<u>Total Change</u>
Land	\$ 233,313	\$ 233,313	\$ -
Buildings and improvements	7,971,830	7,953,697	18,133
Furniture and equipment	397,763	396,171	1,592
Construction in Progress	357,561	85,167	272,394
Accumulated Depreciation	<u>(6,447,935)</u>	<u>(6,130,042)</u>	<u>(317,893)</u>
Total	<u>\$ 2,512,532</u>	<u>\$ 2,538,306</u>	<u>\$ (25,774)</u>

Additional information on the Housing Authority of Donaldsonville's capital assets can be found in the notes to the financial statements in this report.

DEBT ACTIVITY

Noncurrent liabilities include accrued annual vacation leave to employees. The Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

FACTORS AFFECTING NEXT YEAR'S BUDGET

The Authority is dependent upon HUD for the funding of its Low Rent Public Housing and Capital Fund programs; therefore, the Authority is affected by the federal budget.

ECONOMIC FACTORS

Significant economic factors affecting Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development and new rules and regulations, which could be unfunded;
- Local labor supply and demand, which can affect salary and wage rates;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore tenant rental income;
- Natural disasters which can have a devastating impact on the local economy;
- Inflationary pressure on utility rates, supplies and other costs; and
- Unemployment rates which can have an effect on rent.

Housing Authority of the City of Donaldsonville
Donaldsonville, Louisiana
Statement of Net Position
As of December 31, 2019

ASSETS**Current assets**

Cash and cash equivalents	944,904
Receivables:	
HUD	26,000
Tenant rents, net of allowance	917
Miscellaneous, net of allowance	150
Prepaid expenses	32,840
Inventory, net of allowance	7,763
Restricted assets - cash and cash equivalents	<u>370,390</u>
Total current assets	<u><u>1,382,964</u></u>

Noncurrent assets

Capital assets:

Nondepreciable capital assets:

Land	233,313
Construction in progress	<u>357,561</u>
Total nondepreciable capital assets	<u>590,874</u>

Depreciable capital assets:

Buildings and improvements	7,971,830
Furniture and equipment	397,763
Less accumulated depreciation	<u>(6,447,935)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>1,921,658</u>

Total capital assets, net of accumulated depreciation	<u>2,512,532</u>
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TOTAL ASSETS3,895,496**LIABILITIES AND NET POSITION****Current Liabilities**

Accounts payable	10,131
Accrued wages payable	8,274
Accrued compensated absences	11,319
Unearned revenue	4,474
Security deposit liability	<u>52,297</u>

Total current liabilities	<u>86,495</u>
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Noncurrent liabilities

Accrued compensated absences	<u>25,597</u>
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Total noncurrent liabilities	<u>25,597</u>
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TOTAL LIABILITIES112,092**NET POSITION**

Net Investments in Capital Assets	2,512,532
Restricted	318,093
Unrestricted	<u>952,779</u>

TOTAL NET POSITION\$ 3,783,404

The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Donaldsonville
Donaldsonville, Louisiana
Statement of Revenues, Expenses, and Changes In Net Position
For the Year Ended December 30, 2019

Operating Revenues	
HUD Operating Grants	\$ 330,068
Dwelling Rental	515,929
Other Operating	<u>22,437</u>
Total operating revenues	<u>868,434</u>
Operating Expenses	
General and administrative	484,387
Repairs and maintenance	285,697
Utilities	62,638
Tenant services	12,942
Protection services	53,379
Depreciation and amortization	<u>317,892</u>
Total operating expenses	<u>1,216,935</u>
Operating income (loss)	(348,501)
Nonoperating Revenues (Expenses):	
Interest revenue	3,844
Miscellaneous revenues	<u>63,842</u>
Total nonoperating revenues (expenses)	<u>67,686</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(280,815)
Capital contributions (grants)	252,659
Increase (decrease) in net position	(28,156)
Net position, beginning of year	<u>3,811,560</u>
Net position, end of year	<u><u>\$ 3,783,404</u></u>

The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Donaldsonville
Statement of Cash Flows
For the Year Ended December 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from federal subsidies	\$ 304,068
Receipts from tenants	539,417
Payments to suppliers	(608,847)
Payments to employees	<u>(295,056)</u>
Net cash provided by operating activities	<u>(60,418)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Miscellaneous revenues	<u>63,842</u>
Net cash provided by noncapital financing activities	<u>63,842</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital grants	252,659
Purchase and construction of capital assets	<u>(292,118)</u>
Net cash (used in) capital and related financing activities	<u>(39,459)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>3,844</u>
Net cash provided by investing activities	<u>3,844</u>
Net increase (decrease) in cash and cash equivalents	<u>(32,191)</u>
Cash and cash equivalents - beginning of year	<u>1,347,485</u>
Cash and Cash equivalents - unrestricted	944,904
Cash and Cash equivalents - restricted	370,390
Total Cash and Cash Equivalents - end of year	<u>\$ 1,315,294</u>

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating (loss)	\$ (348,501)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	317,892
Changes in assets and liabilities:	
HUD receivable	(26,000)
Tenant rents, net of allowance	(672)
Miscellaneous receivables	119
Prepaid insurance	(5,183)
Inventories	221
Accounts payable	5,241
Accrued wages payable	(2,087)
Accrued compensated absences	1,460
Unearned revenue	(4,512)
Security deposit liability	<u>1,604</u>
Net cash provided by operating activities	<u>\$ (60,418)</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
Notes to the Basic Financial Statements
December 31, 2019

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 City of Donaldsonville (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 City of Donaldsonville, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city 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 CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2019 – Continued

The authority is a related organization of the City of Donaldsonville, Louisiana since the city appoints a voting majority of the authority's governing board. The city 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 city. Accordingly, the authority is not a component unit of the financial reporting entity of the city.

(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 CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2019 – 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 and cash obligated for replacement of demolished units 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 \$1,000. 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:

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2019 – Continued

Buildings	40 years
Modernization and improvements	15 years
Furniture and equipment	5-7 years

(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 December 31, 2019, the management of the authority established an allowance for doubtful accounts of approximately \$4,847.

(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.

Depending on length of service, employees earn from 96 to 192 hours per year in annual leave. 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.

(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 CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2019 – 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 December 31, 2019, the authority's carrying amount of deposits was \$1,315,294, which includes the following:

Cash and cash equivalents-unrestricted	\$944,904
Cash and cash equivalents- restricted	370,390
Total	\$1,315,294

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. \$609,226 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$730,298 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances at December 31, 2019 totaled \$1,339,524.

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2019 – Continued

As of December 31, 2019, \$316,448 of the deposits described above were not adequately collateralized per HUD regulations. This is further described in ML-2019-001.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 was as follows:

	<u>12 31 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>12 31 2019</u>
Nondepreciable Assets:				
Land	\$ 233,313	\$ -	\$ -	\$ 233,313
Construction in Progress	85,168	272,393	-	357,561
Depreciable Assets:				
Building and improvements	7,953,697	18,133	-	7,971,830
Furniture and equipment	396,171	1,592	-	397,763
Total	<u>8,668,349</u>	<u>292,118</u>	<u>-</u>	<u>8,960,467</u>
Less accumulated depreciation				
Building and improvements	5,799,996	294,832	-	6,094,828
Furniture and equipment	330,047	23,060	-	353,107
Total accumulated depreciation	<u>6,130,043</u>	<u>317,892</u>	<u>-</u>	<u>6,447,935</u>
Net Capital Assets	<u>\$ 2,538,306</u>	<u>\$ (25,774)</u>	<u>\$ -</u>	<u>\$ 2,512,532</u>

NOTE D – COMPENSATED ABSENCES

At December 31, 2019, employees of the authority have accumulated and vested \$36,916 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$25,597 is reported in long-term debt.

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2019 – Continued

NOTE E – LONG TERM OBLIGATIONS

As of December 31, 2019, long term obligations consisted of compensated absences in the amount of \$25,597. The following is a summary of the changes in the long term obligations for the year ended December 31, 2019.

	Compensated Absences
Balance as of January 1, 2019	\$35,456
Additions	27,248
Deductions	<u>(25,788)</u>
Balance as of December 31, 2019	<u>36,916</u>
Long Term Portion	<u>25,597</u>
Amount due in one year (Short term)	<u>\$11,319</u>

NOTE F – 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 G - RETIREMENT PLAN

The authority participates in the Housing Agency Retirement Trust plan, administered by Mercer, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. Plan provisions and changes to the plan contributions are determined by the Board of the authority.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to fourteen percent of each participant's basic (excludes overtime) compensation.

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2019 – Continued

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority. No payments were made out of the forfeiture account.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday or after ten years of participation in the plan.

The authority's total payroll for the year ended December 31, 2019, was \$295,056. The authority's contributions were calculated using the base salary amount of \$263,039. The authority made the required contributions of \$36,825 for the year ended December 31, 2019.

NOTE H – 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.

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 I – 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

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2019 – Continued

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 J – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through May 21, 2020 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE K – ECONOMIC DEPENDENCE

Financial Accounting Standards Boards Accounting Standards Codification 280-10-50-42 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 \$1,188,779 to the authority, which represents approximately 49% of the authority's total revenue for the year.

Financial Data Schedule

Housing Authority of the City of Donaldsonville (LA043)
DONALDSONVILLE, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2019

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$944,904	\$944,904	\$944,904
112 Cash - Restricted - Modernization and Development	\$318,093	\$318,093	\$318,093
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$52,297	\$52,297	\$52,297
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$1,315,294	\$1,315,294	\$1,315,294
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$26,000	\$26,000	\$26,000
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous	\$150	\$150	\$150
126 Accounts Receivable - Tenants	\$5,764	\$5,764	\$5,764
126.1 Allowance for Doubtful Accounts - Tenants	-\$4,847	-\$4,847	-\$4,847
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$27,067	\$27,067	\$27,067
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$32,840	\$32,840	\$32,840
143 Inventories	\$8,626	\$8,626	\$8,626
143.1 Allowance for Obsolete Inventories	-\$863	-\$863	-\$863
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$1,382,964	\$1,382,964	\$1,382,964
161 Land	\$233,313	\$233,313	\$233,313
162 Buildings	\$6,865,178	\$6,865,178	\$6,865,178
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$397,763	\$397,763	\$397,763
165 Leasehold Improvements	\$1,106,652	\$1,106,652	\$1,106,652
166 Accumulated Depreciation	-\$6,447,935	-\$6,447,935	-\$6,447,935
167 Construction in Progress	\$357,561	\$357,561	\$357,561
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,512,532	\$2,512,532	\$2,512,532
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$2,512,532	\$2,512,532	\$2,512,532
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$3,895,496	\$3,895,496	\$3,895,496

Financial Data Schedule

Housing Authority of the City of Donaldsonville (LA043)
DONALDSONVILLE, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2019

311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$10,131	\$10,131	\$10,131
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$8,274	\$8,274	\$8,274
322 Accrued Compensated Absences - Current Portion	\$11,319	\$11,319	\$11,319
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits	\$52,297	\$52,297	\$52,297
342 Unearned Revenue	\$4,474	\$4,474	\$4,474
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$86,495	\$86,495	\$86,495
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current	\$25,597	\$25,597	\$25,597
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$25,597	\$25,597	\$25,597
300 Total Liabilities	\$112,092	\$112,092	\$112,092
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets	\$2,512,532	\$2,512,532	\$2,512,532
511.4 Restricted Net Position	\$318,093	\$318,093	\$318,093
512.4 Unrestricted Net Position	\$952,779	\$952,779	\$952,779
513 Total Equity - Net Assets / Position	\$3,783,404	\$3,783,404	\$3,783,404
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,895,496	\$3,895,496	\$3,895,496

Financial Data Schedule

Housing Authority of the City of Donaldsonville (LA043)
DONALDSONVILLE, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 12/31/2019

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$515,929	\$515,929	\$515,929
70400 Tenant Revenue - Other	\$22,437	\$22,437	\$22,437
70500 Total Tenant Revenue	\$538,366	\$538,366	\$538,366
70600 HUD PHA Operating Grants	\$330,068	\$330,068	\$330,068
70610 Capital Grants	\$252,659	\$252,659	\$252,659
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$3,831	\$3,831	\$3,831
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$63,842	\$63,842	\$63,842
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted	\$13	\$13	\$13
70000 Total Revenue	\$1,188,779	\$1,188,779	\$1,188,779
91100 Administrative Salaries	\$168,796	\$168,796	\$168,796
91200 Auditing Fees	\$14,885	\$14,885	\$14,885
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$58,557	\$58,557	\$58,557
91600 Office Expenses	\$16,628	\$16,628	\$16,628
91700 Legal Expense			
91800 Travel	\$16,873	\$16,873	\$16,873
91810 Allocated Overhead			
91900 Other	\$19,593	\$19,593	\$19,593
91000 Total Operating - Administrative	\$295,332	\$295,332	\$295,332
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs	\$840	\$840	\$840
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$12,102	\$12,102	\$12,102
92500 Total Tenant Services	\$12,942	\$12,942	\$12,942

Financial Data Schedule

Housing Authority of the City of Donaldsonville (LA043) DONALDSONVILLE, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 12/31/2019

	Project Total	Subtotal	Total
93100 Water	\$50,051	\$50,051	\$50,051
93200 Electricity	\$11,990	\$11,990	\$11,990
93300 Gas	\$597	\$597	\$597
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$62,638	\$62,638	\$62,638
94100 Ordinary Maintenance and Operations - Labor	\$126,260	\$126,260	\$126,260
94200 Ordinary Maintenance and Operations - Materials and Other	\$55,268	\$55,268	\$55,268
94300 Ordinary Maintenance and Operations Contracts	\$25,566	\$25,566	\$25,566
94500 Employee Benefit Contributions - Ordinary Maintenance	\$54,403	\$54,403	\$54,403
94000 Total Maintenance	\$261,497	\$261,497	\$261,497
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs	\$53,379	\$53,379	\$53,379
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$53,379	\$53,379	\$53,379
96110 Property Insurance	\$87,679	\$87,679	\$87,679
96120 Liability Insurance	\$4,319	\$4,319	\$4,319
96130 Workmen's Compensation	\$11,439	\$11,439	\$11,439
96140 All Other Insurance	\$8,002	\$8,002	\$8,002
96100 Total Insurance Premiums	\$111,439	\$111,439	\$111,439
96200 Other General Expenses	\$250	\$250	\$250
96210 Compensated Absences	\$27,248	\$27,248	\$27,248
96300 Payments in Lieu of Taxes	\$47,573	\$47,573	\$47,573
96400 Bad debt - Tenant Rents	\$2,545	\$2,545	\$2,545
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$77,616	\$77,616	\$77,616
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$874,843	\$874,843	\$874,843
97000 Excess of Operating Revenue over Operating Expenses	\$313,936	\$313,936	\$313,936

Financial Data Schedule

Housing Authority of the City of Donaldsonville (LA043)
DONALDSONVILLE, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 12/31/2019

	Project Total	Subtotal	Total
97100 Extraordinary Maintenance	\$24,200	\$24,200	\$24,200
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$317,892	\$317,892	\$317,892
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$1,216,935	\$1,216,935	\$1,216,935
10010 Operating Transfer In	\$25,987	\$25,987	\$25,987
10020 Operating transfer Out	-\$25,987	-\$25,987	-\$25,987
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$28,156	-\$28,156	-\$28,156
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$3,811,560	\$3,811,560	\$3,811,560
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11190 Unit Months Available	1691	1691	1691
11210 Number of Unit Months Leased	1689	1689	1689
11270 Excess Cash	\$864,870	\$864,870	\$864,870
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$5,000	\$5,000	\$5,000
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$247,659	\$247,659	\$247,659
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 City of Donaldsonville

Schedule of Compensation, Benefits and Other Payments to Agency Head

or Chief Executive Officer

For the Year Ended December 31, 2019

Ruth Franklin, Executive Director

Purpose	Amount
Salary	\$ 96,620
Benefits-insurance	10,037
Benefits-retirement	12,618
Travel	3,423
Per diem	\$ 1,620

Housing Authority of the City of Donaldsonville
Donaldsonville, Louisiana
Statement and Certification of Actual Modernization Costs
For the Year Ended December 31, 2019

Project Number:	LA48P043 50116	LA48P 043R 50111
Original Funds Approved	\$ 172,243	\$ 7,052
Less Funds Expended (Actual Modernization Cost)	<u>172,243</u>	<u>7,052</u>
Excess Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Disbursed	\$ 172,243	\$ 7,052
Less Funds Expended (Actual Modernization Cost)	<u>172,243</u>	<u>7,052</u>
Excess Funds Disbursed	<u>\$ -</u>	<u>\$ -</u>

The distribution of costs by project as shown on HUD Final Performance and Evaluation Report dated March 7, 2018 and March 6, 2018, respectively, accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payments.

Housing Authority of the City of Donaldsonville
Donaldsonville, Louisiana
Statement and Certification of Actual Modernization Costs
For the Year Ended December 31, 2019

Project Number:	LA48P 043R 50112	LA48P 043R 50113	LA48P 043R 50114
Original Funds Approved	\$ 6,528	\$ 6,770	\$ 6,508
Less Funds Expended (Actual Modernization Cost)	<u>6,528</u>	<u>6,770</u>	<u>6,508</u>
Excess Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Disbursed	\$ 6,528	\$ 6,770	\$ 6,508
Less Funds Expended (Actual Modernization Cost)	<u>6,528</u>	<u>6,770</u>	<u>6,508</u>
Excess Funds Disbursed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The distribution of costs by project as shown on HUD Final Performance and Evaluation Reports dated March 6, 2018, accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payments.

**HOUSING AUTHORITY OF THE
CITY OF DONALDSONVILLE**
Donaldsonville, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended December 31, 2019

Board members serve without compensation.

William Daniel McCaskill, CPA
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Louisiana Society of CPA's
American Institute of CPA's

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures enumerated below, which were agreed to by Donaldsonville Housing Authority (Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Authority's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine

the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results of procedures performed:

I reviewed the written policy for each of the above listed functions and noted the following exceptions:

Payroll – I suggest that the authority consider updating their policies relating to payroll processing.

Debt Service – N/A

Disaster Recovery/Business Continuity – the authority's written procedures do not adequately address all of the requirements listed above.

Management's response/corrective action plan:

We will revise or adopt written policies/procedures to address the exceptions noted above.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results of procedures performed:

There were no prior year exceptions in this category, these procedures are omitted.

Bank Reconciliations

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

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of procedures performed:

There were no prior year exceptions in this category, these procedures are omitted.

Collections (excluding ETFs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily*

revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

There were no prior year exceptions in this category, these procedures are omitted.

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

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

Management represents that the list is complete.

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

We performed the above listed procedures and noted no exceptions.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable

We performed the above listed procedures and noted no exceptions.

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

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

Management represents that the list is complete.

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

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

We performed the above listed procedures and noted no exceptions.

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

We performed the above listed procedures and noted no exceptions.

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

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

There were no prior year exceptions in this category, these procedures are omitted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management represents that the list is complete.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We performed the above listed procedures and noted no exceptions.

Payroll and Personnel

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

Management represents that the list is complete.

We performed the above listed procedure and noted no exceptions.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

We performed the above listed procedures and noted no exceptions.

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

Management asserts that there were no terminations during the period.

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

Management asserts that all of the above were paid and filed timely.

Ethics

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

We performed the above listed procedures and noted no exceptions.

Debt Service

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

Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable.

Other

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

Management represents that they are not aware of any misappropriation of public funds or assets.

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

The notice is properly posted.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation
Mandeville, Louisiana

May 21, 2020

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**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 City of Donaldsonville
Donaldsonville, 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 City of Donaldsonville, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated May 21, 2020.

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.

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.

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana
Report on Internal Control... *Government
Auditing Standards*, 2019
Page Two

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted a certain matter that I reported to management of the authority in a separate letter dated May 21, 2020.

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

May 21, 2020

**HOUSING AUTHORITY OF THE
CITY OF DONALDSONVILLE**

Donaldsonville, Louisiana

Schedule of Findings
Fiscal Year Ended December 31, 2019

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? _____yes X no
- Significant deficiency(ies) identified? _____yes X none reported

Noncompliance material to financial statements
noted? _____yes X no

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**HOUSING AUTHORITY OF THE
CITY OF DONALDSONVILLE**
Donaldsonville, Louisiana

Schedule of Prior Year Audit Findings
Fiscal Year Ended December 31, 2019

There were no findings in the prior audit.

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Management Letter

Board of Commissioners
Donaldsonville Housing Authority

In planning and performing my audit of the financial statements of the Housing Authority of the City of Donaldsonville for the year ended December 31, 2019, I considered the Authority's internal control to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

However, during my audit, I noted a certain matter involving internal control that is presented for your consideration. This letter does not affect my report dated May 21, 2020, on the financial statements of the authority. Management's response has also been included.

Comment – ML 2019-001

A portion of deposits held by a local bank were not collateralized with HUD approved securities. The bank balance as of December 31, 2019 was \$980,298. Of this amount, \$250,000 was covered by FDIC insurance. The remaining balance of \$730,298 was collateralized with bank pledged securities, however; of this amount, \$316,448 was collateralized with Parish bonds. HUD requires the use of federal securities as collateral of deposits in excess of FDIC insurance. I recommend that the authority monitor the pledged securities on a monthly basis to ensure the proper securities are in place and that the coverage amount is adequate to secure the Authority's deposits.

Managements Response – We concur with the auditor's description of this issue. The bank discovered this during February 2020 and immediately corrected this deficiency. We will monitor the pledged securities on a monthly basis to ensure the proper securities are in place and that the coverage amount is adequate to secure the Authority's deposits.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the authority, as of and for the year ending December 31, 2019, which collectively comprise the authority's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and user of the Board, management, federal awarding agencies, and pass-thru entities and is not intended to be and should not be used by anyone other than these specified users. Although the intended use of these reports may be limited, under LRS 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

William Daniel McCaskill
William Daniel McCaskill, CPA, APAC
A Professional Accounting Corporation

May 21, 2020