

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

**Annual Financial Report
As of and for the Year Ended December 31, 2017**

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Basic Financial Statements

As of and for the Year Ended December 31, 2017

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, 2017, 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, 2017

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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, 2017, 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

Independent Auditor's Report, 2017

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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 April 18, 2018 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

April 18, 2018

Housing Authority of the City of Donaldsonville

Management's Discussion and Analysis

For the Year Ended, December 31, 2017

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, 2017, for those with an interest. Please read this discussion and analysis 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 \$180,869 during the fiscal year.
- The Authority's operating revenue decreased by \$23,320 during the fiscal year.
- The Authority's operating expenses increased by \$68,592 during the fiscal year.
- At the close of the current fiscal year, the Authority's Assets exceeded its Liabilities by \$3,911,560.
- 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, 2017

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, 2017

Financial Analysis

Condensed Statement of Net Position

	<u>2017</u>	<u>2016</u>	<u>Total Change</u>
ASSETS			
Current assets	\$ 914,788	\$ 824,352	\$ 90,436
Restricted assets	369,232	367,831	1,401
Capital assets (net)	2,730,105	3,000,116	(270,011)
Total Assets	<u>4,014,125</u>	<u>4,192,299</u>	<u>(178,174)</u>
LIABILITIES			
Current liabilities	28,207	27,016	1,191
Tenant security deposits	51,221	49,939	1,282
Noncurrent liabilities	23,137	22,915	222
Total Liabilities	<u>102,565</u>	<u>99,870</u>	<u>2,695</u>
NET POSITION			
Net investment in capital assets	2,730,105	3,000,116	(270,011)
Restricted net position	318,011	317,892	119
Unrestricted net position	863,444	774,421	89,023
Total Net Position	<u>\$ 3,911,560</u>	<u>\$ 4,092,429</u>	<u>\$ (180,869)</u>

Current Assets increased by \$90,436.

Capital Assets decreased by \$270,011, as seen on page 11. This decrease is a result of current depreciation expense exceeding the completion of capital improvements undertaken by the Authority during the year.

Current Liabilities increased by \$1,191 as a result of increased accrued wages payable and accrued compensated absences, offset by a decrease in accounts payable to vendors and unearned revenue in FYE 2017 as compared to FYE 2016.

Noncurrent Liabilities increased by \$222 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, 2017

- 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>2017</u>	<u>2016</u>	<u>Net Change</u>
Operating Revenues:			
HUD Operating Grants	\$ 332,455	\$ 366,970	\$ (34,515)
Dwelling Rental	529,446	524,263	5,183
Other Operating	<u>23,597</u>	<u>17,585</u>	<u>6,012</u>
Total operating revenues	885,498	908,818	(23,320)
Operating Expenses:			
General and administrative	472,896	408,184	64,712
Repairs and maintenance	277,718	278,944	(1,226)
Utilities	51,069	51,596	(527)
Tenant services	13,962	8,034	5,928
Protection services	37,731	34,287	3,444
Depreciation and amortization	<u>307,030</u>	<u>310,769</u>	<u>(3,739)</u>
Total operating expenses	<u>1,160,406</u>	<u>1,091,814</u>	<u>68,592</u>
Operating income (loss)	(274,908)	(182,996)	(91,912)
Nonoperating Revenues (Expenses):			
Capital contributions (grants)	32,767	161,863	(129,096)
Interest revenue	3,052	3,240	(188)
Miscellaneous revenue	58,220	57,821	399
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>94,039</u>	<u>222,924</u>	<u>(128,885)</u>
Increase (decrease) in net position	(180,869)	39,928	(220,797)
Net position, beginning of year	<u>4,092,429</u>	<u>4,052,501</u>	<u>39,928</u>
Net position, end of year	<u>\$ 3,911,560</u>	<u>\$ 4,092,429</u>	<u>\$ (180,869)</u>

Housing Authority of the City of Donaldsonville

Management's Discussion and Analysis

For the Year Ended, December 31, 2017

EXPLANATIONS OF FINANCIAL ANALYSIS

Operating Revenue decreased by \$23,320 for the 2017 fiscal year. This decrease represents a decrease in HUD operating grants, offset by an increase in dwelling rental and other operating revenue.

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 \$68,592. This increase is attributable to increases in general and administrative expense, tenant services expense and protection services expense, offset by decreases in repairs and maintenance expense, as well as, utilities and depreciation expense for the 2017 fiscal year.

General and Administrative Expenses increased by \$64,712 for the 2017 fiscal year. Most of the increase is attributable to increases in administrative salaries, employee benefit contributions, office expenses, travel, as well as, insurance, compensated absences expense and payments in lieu of taxes, offset by a decrease in legal expenses, other sundry expenses and bad debt expense.

Repairs and Maintenance Expenses decreased by \$1,226 for the 2017 fiscal year. The decrease is related to a decrease in the usage of materials and contract costs incurred in connection with the continuation of unit turnaround efforts, offset by increases in ordinary maintenance and operations labor, employee benefit contributions and extraordinary maintenance expenses for the 2017 fiscal year as compared to the 2016 fiscal year.

Tenant Services Expense increased by \$5,928.

Protection Services Expense increased by \$3,444 for the 2017 fiscal year. Contract security related costs concerning protection services increased in FYE 2017 as compared to FYE 2016.

Nonoperating Revenues decreased by \$128,885 mainly due to a decrease in capital grants received for the 2017 fiscal year.

CAPITAL ASSET AND DEBT ACTIVITY

The Authority's capital assets as of December 31, 2017, amounts to \$2,730,105 (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 \$270,011.

Housing Authority of the City of Donaldsonville

Management's Discussion and Analysis

For the Year Ended, December 31, 2017

Capital Assets, Net of Accumulated Depreciation

	<u>2017</u>	<u>2016</u>	<u>Total Change</u>
Land	\$ 233,313	\$ 233,313	\$ -
Buildings and improvements	7,752,584	7,594,146	158,438
Furniture and equipment	381,781	359,329	22,452
Construction in Progress	189,444	333,315	(143,871)
Accumulated Depreciation	<u>(5,827,017)</u>	<u>(5,519,987)</u>	<u>(307,030)</u>
Total	<u>\$ 2,730,105</u>	<u>\$ 3,000,116</u>	<u>\$ (270,011)</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

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 which may also affect the financial position of the Authority in the subsequent fiscal year 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, 2017

ASSETS**Current assets**

Cash and cash equivalents	850,785
Receivables:	
HUD	26,858
Tenant rents, net of allowance	704
Miscellaneous, net of allowance	328
Prepaid expenses	23,253
Inventory, net of allowance	12,860
Restricted assets - cash and cash equivalents	<u>369,232</u>
Total current assets	<u><u>1,284,020</u></u>

Noncurrent assets

Capital assets:

Nondepreciable capital assets:

Land	233,313
Construction in progress	189,444
Total nondepreciable capital assets	<u>422,757</u>

Depreciable capital assets:

Buildings and improvements	7,752,584
Furniture and equipment	381,781
Less accumulated depreciation	<u>(5,827,017)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>2,307,348</u>

Total capital assets, net of accumulated depreciation	<u>2,730,105</u>
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Total assets	<u><u>4,014,125</u></u>
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TOTAL ASSETS	<u><u>4,014,125</u></u>
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(continued)

**Housing Authority of the City of Donaldsonville
Donaldsonville, Louisiana
Statement of Net Position
As of December 31, 2017**

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	5,057
Accrued wages payable	9,816
Accrued compensated absences	10,781
Unearned revenue	2,553
Security deposit liability	51,221
	51,221

Total current liabilities

79,428

Noncurrent liabilities

Accrued compensated absences	23,137
	23,137

Total noncurrent liabilities

23,137

TOTAL LIABILITIES

102,565

NET POSITION

Net Investments in Capital Assets	2,730,105
Restricted	318,011
Unrestricted	863,444
	863,444

TOTAL NET POSITION

\$ 3,911,560

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 31, 2017

Operating Revenues	
HUD Operating Grants	\$ 332,455
Dwelling Rental	529,446
Other Operating	<u>23,597</u>
Total operating revenues	<u>885,498</u>
Operating Expenses	
General and administrative	472,896
Repairs and maintenance	277,718
Utilities	51,069
Tenant services	13,962
Protection services	37,731
Depreciation and amortization	<u>307,030</u>
Total operating expenses	<u>1,160,406</u>
Operating income (loss)	(274,908)
Nonoperating Revenues (Expenses):	
Interest revenue	3,052
Miscellaneous revenues	<u>58,220</u>
Total nonoperating revenues (expenses)	<u>61,272</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(213,636)
Capital contributions (grants)	32,767
Increase (decrease) in net position	(180,869)
Net position, beginning of year	<u>4,092,429</u>
Net position, end of year	<u><u>\$ 3,911,560</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 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from federal subsidies	\$ 407,114
Receipts from tenants	554,058
Payments to suppliers	(560,151)
Payments to employees	<u>(297,207)</u>
Net cash provided by operating activities	<u>103,814</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Miscellaneous revenues	<u>58,220</u>
Net cash provided by noncapital financing activities	<u>58,220</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital grants	32,767
Purchase and construction of capital assets	<u>(37,018)</u>
Net cash (used in) capital and related financing activities	<u>(4,251)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>3,052</u>
Net cash provided by investing activities	<u>3,052</u>

Net increase (decrease) in cash and cash equivalents	<u>160,835</u>
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Cash and cash equivalents - beginning of year	<u>1,059,182</u>
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Cash and Cash equivalents - unrestricted	850,785
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Cash and Cash equivalents - restricted	369,232
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Total Cash and Cash Equivalents - end of year	<u>\$ 1,220,017</u>
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Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating (loss)	\$ (274,908)
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Adjustments to reconcile operating (loss) to net cash provided by operating activities:

Depreciation and amortization	307,030
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Changes in assets and liabilities:

HUD receivable	74,659
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Tenant rents, net of allowance	(158)
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Miscellaneous receivables	(109)
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Prepaid insurance	(1,117)
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Inventories	(4,277)
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Accounts payable	(3,910)
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Accrued wages payable	5,394
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Accrued compensated absences	700
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Unearned revenue	(772)
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Security deposit liability	<u>1,282</u>
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Net cash provided by operating activities	<u>\$ 103,814</u>
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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, 2017

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, 2017 – 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.

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2017 – Continued

(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, 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, 2017 – 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, 2017, the management of the authority established an allowance for doubtful accounts of approximately \$1,056.

(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, 2017 – 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, 2017, the authority's carrying amount of deposits was \$1,220,017, which includes the following:

Cash and cash equivalents-unrestricted	\$850,785
Cash and cash equivalents- restricted	369,232
Total	\$1,220,017

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. \$725,725 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$534,712 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, 2017 totaled \$1,260,437.

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2017 – Continued

As of December 31, 2017, \$32,721 of the deposits described above were not adequately collateralized per HUD regulations. This is further described in ML-2017-001.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2017 was as follows:

	<u>12 31 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>12 31 2017</u>
Nondepreciable Assets:				
Land	\$ 233,313	\$ -	\$ -	\$ 233,313
Construction in Progress	333,316	14,566	158,438	189,444
Depreciable Assets:				
Building and improvements	7,594,146	158,438	-	7,752,584
Furniture and equipment	<u>359,329</u>	<u>22,452</u>	<u>-</u>	<u>381,781</u>
Total	<u>8,520,104</u>	<u>195,456</u>	<u>158,438</u>	<u>8,557,122</u>
Less accumulated depreciation				
Building and improvements	5,225,388	280,600	-	5,505,988
Furniture and equipment	<u>294,599</u>	<u>26,430</u>	<u>-</u>	<u>321,029</u>
Total accumulated depreciation	<u>5,519,987</u>	<u>307,030</u>	<u>-</u>	<u>5,827,017</u>
Net Capital Assets	<u>\$ 3,000,117</u>	<u>\$ (111,574)</u>	<u>\$ 158,438</u>	<u>\$ 2,730,105</u>

NOTE D – COMPENSATED ABSENCES

At December 31, 2017, employees of the authority have accumulated and vested \$33,918 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$23,137 is reported in long-term debt.

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana
Notes to the Financial Statements, 2017 – Continued

NOTE E – LONG TERM OBLIGATIONS

As of December 31, 2017, long term obligations consisted of compensated absences in the amount of \$23,137. The following is a summary of the changes in the long term obligations for the year ended December 31, 2017.

	Compensated Absences
Balance as of January 1, 2017	\$33,217
Additions	21,984
Deductions	(21,283)
Balance as of December 31, 2017	<u>33,918</u>
Long Term Portion	<u>23,137</u>
Amount due in one year (Short term)	<u>\$10,781</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, 2017 – 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, 2017, was \$297,207. The authority's contributions were calculated using the base salary amount of \$222,750. The authority made the required contributions of \$31,188 for the year ended December 31, 2017.

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 beneficiaries. The authority is subject to HUD's consideration of reducing grants in order to have the authority utilize authority Equity to fund expenses.

HOUSING AUTHORITY OF THE CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

Notes to the Financial Statements, 2017 – Continued

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 April 18, 2018 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 \$361,118 to the authority, which represents approximately 37% 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: 12/31/2017

	Project Total	8 Other Federal Program 1	Subtotal	Total
111 Cash - Unrestricted	\$850,785		\$850,785	\$850,785
112 Cash - Restricted - Modernization and Development	\$318,011		\$318,011	\$318,011
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$51,221		\$51,221	\$51,221
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$1,220,017	\$0	\$1,220,017	\$1,220,017
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$26,858		\$26,858	\$26,858
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$328		\$328	\$328
126 Accounts Receivable - Tenants	\$1,760		\$1,760	\$1,760
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,056		-\$1,056	-\$1,056
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	\$27,890	\$0	\$27,890	\$27,890
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$23,253		\$23,253	\$23,253
143 Inventories	\$14,289		\$14,289	\$14,289
143.1 Allowance for Obsolete Inventories	-\$1,429		-\$1,429	-\$1,429
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$1,284,020	\$0	\$1,284,020	\$1,284,020
161 Land	\$233,313		\$233,313	\$233,313
162 Buildings	\$6,669,973		\$6,669,973	\$6,669,973
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$381,781		\$381,781	\$381,781
165 Leasehold Improvements	\$1,082,611		\$1,082,611	\$1,082,611
166 Accumulated Depreciation	-\$5,827,017		-\$5,827,017	-\$5,827,017
167 Construction in Progress	\$189,444		\$189,444	\$189,444
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,730,105	\$0	\$2,730,105	\$2,730,105
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	\$2,730,105	\$0	\$2,730,105	\$2,730,105
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$4,014,125	\$0	\$4,014,125	\$4,014,125

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: 12/31/2017

	Project Total	8 Other Federal Program 1	Subtotal	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$5,057		\$5,057	\$5,057
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$9,816		\$9,816	\$9,816
322 Accrued Compensated Absences - Current Portion	\$10,781		\$10,781	\$10,781
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	\$51,221		\$51,221	\$51,221
342 Unearned Revenue	\$2,553		\$2,553	\$2,553
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	\$79,428	\$0	\$79,428	\$79,428
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	\$23,137		\$23,137	\$23,137
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$23,137	\$0	\$23,137	\$23,137
300 Total Liabilities	\$102,565	\$0	\$102,565	\$102,565
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$2,730,105		\$2,730,105	\$2,730,105
511.4 Restricted Net Position	\$318,011		\$318,011	\$318,011
512.4 Unrestricted Net Position	\$863,444	\$0	\$863,444	\$863,444
513 Total Equity - Net Assets / Position	\$3,911,560	\$0	\$3,911,560	\$3,911,560
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,014,125	\$0	\$4,014,125	\$4,014,125

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: 12/31/2017

	Project Total	8 Other Federal Program 1	Subtotal	Total
70300 Net Tenant Rental Revenue	\$529,446		\$529,446	\$529,446
70400 Tenant Revenue - Other	\$23,597		\$23,597	\$23,597
70500 Total Tenant Revenue	\$553,043	\$0	\$553,043	\$553,043
70600 HUD PHA Operating Grants	\$328,351		\$328,351	\$328,351
70610 Capital Grants	\$32,767		\$32,767	\$32,767
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		\$4,104	\$4,104	\$4,104
71100 Investment Income - Unrestricted	\$2,893		\$2,893	\$2,893
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	\$58,220		\$58,220	\$58,220
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted	\$159		\$159	\$159
70000 Total Revenue	\$975,433	\$4,104	\$979,537	\$979,537
91100 Administrative Salaries	\$168,730		\$168,730	\$168,730
91200 Auditing Fees	\$13,141		\$13,141	\$13,141
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$49,400		\$49,400	\$49,400
91600 Office Expenses	\$19,213		\$19,213	\$19,213
91700 Legal Expense				
91800 Travel	\$23,701		\$23,701	\$23,701
91810 Allocated Overhead				
91900 Other	\$21,604		\$21,604	\$21,604
91000 Total Operating - Administrative	\$295,789	\$0	\$295,789	\$295,789
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs	\$840		\$840	\$840
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$13,122		\$13,122	\$13,122
92500 Total Tenant Services	\$13,962	\$0	\$13,962	\$13,962

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: 12/31/2017

	Project Total	8 Other Federal Program 1	Subtotal	Total
93100 Water	\$39,463		\$39,463	\$39,463
93200 Electricity	\$11,150		\$11,150	\$11,150
93300 Gas	\$358		\$358	\$358
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$98		\$98	\$98
93000 Total Utilities	\$51,069	\$0	\$51,069	\$51,069
94100 Ordinary Maintenance and Operations - Labor	\$128,477		\$128,477	\$128,477
94200 Ordinary Maintenance and Operations - Materials and Other	\$70,169	\$4,104	\$74,273	\$74,273
94300 Ordinary Maintenance and Operations Contracts	\$16,480		\$16,480	\$16,480
94500 Employee Benefit Contributions - Ordinary Maintenance	\$47,359		\$47,359	\$47,359
94000 Total Maintenance	\$262,485	\$4,104	\$266,589	\$266,589
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$37,731		\$37,731	\$37,731
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$37,731	\$0	\$37,731	\$37,731
96110 Property Insurance	\$77,092		\$77,092	\$77,092
96120 Liability Insurance	\$2,729		\$2,729	\$2,729
96130 Workmen's Compensation	\$11,375		\$11,375	\$11,375
96140 All Other Insurance	\$5,252		\$5,252	\$5,252
96100 Total insurance Premiums	\$96,448	\$0	\$96,448	\$96,448
96200 Other General Expenses	\$1,268		\$1,268	\$1,268
96210 Compensated Absences	\$26,276		\$26,276	\$26,276
96300 Payments in Lieu of Taxes	\$50,207		\$50,207	\$50,207
96400 Bad debt - Tenant Rents	\$2,908		\$2,908	\$2,908
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$80,659	\$0	\$80,659	\$80,659
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$838,143	\$4,104	\$842,247	\$842,247
97000 Excess of Operating Revenue over Operating Expenses	\$137,290	\$0	\$137,290	\$137,290

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: 12/31/2017

	Project Total	8 Other Federal Program 1	Subtotal	Total
97100 Extraordinary Maintenance	\$11,129		\$11,129	\$11,129
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$307,030		\$307,030	\$307,030
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,156,302	\$4,104	\$1,160,406	\$1,160,406
10010 Operating Transfer In	\$8,657		\$8,657	\$8,657
10020 Operating transfer Out	-\$8,657		-\$8,657	-\$8,657
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$180,869	\$0	-\$180,869	-\$180,869
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$4,092,429	\$0	\$4,092,429	\$4,092,429
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	1788		1788	1788
11210 Number of Unit Months Leased	1775		1775	1775
11270 Excess Cash	\$780,623		\$780,623	\$780,623
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	\$18,201		\$18,201	\$18,201
11650 Leasehold Improvements Purchases	\$14,566		\$14,566	\$14,566
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, 2017

Ruth Franklin, Executive Director

Purpose	Amount
Salary	\$ 96,692
Benefits-insurance	8,846
Benefits-retirement	11,937
Travel	5,488
Per diem	\$ 2,120

Housing Authority of the City of Donaldsonville
Donaldsonville, Louisiana
Statement and Certification of Actual Modernization Costs
For the Year Ended December 31, 2017

Project Number:	LA48D043501-08	LA48P043501-15
Original Funds Approved	\$ 290,250	\$ 169,470
Less Funds Expended (Actual Modernization Cost)	290,250	169,470
Excess Funds Approved	\$ -	\$ -
Funds Disbursed	\$ 290,250	\$ 169,470
Less Funds Expended (Actual Modernization Cost)	290,250	169,470
Excess Funds Disbursed	\$ -	\$ -

The distribution of costs by project as shown on HUD Final Performance and Evaluation Reports dated September 30, 2010 and January 17, 2017, 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

Schedule of Compensation Paid to Board Members
Fiscal Year Ended December 31, 2017

Board members serve without compensation.

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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 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, 2017 through December 31, 2017. The Authority's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results of procedures performed:

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

Budgeting – I suggest that the authority revise their policy regarding preparing, adopting, monitoring and amending the budget.

Purchasing - The Authority's policies do not include a maintaining a vendor list. I consider this not considered necessary (NCN) to properly manage a small housing authority (PHA). The authority's policies do not address the use of purchase orders or requisitions for initiating purchases.

Receipts –I suggest the authority modify their procedures to address segregation of duties regarding tenant rent collections.

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

Contracting – The Authority's policies do not address a legal review function of contracts. I consider this requirement NCN for small PHA's.

Debt Service – N/A

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

Results of procedures performed:

- a] **The board did meet monthly.**
- b] **The minutes included monthly budget to actual comparisons of the general fund.**
- c] **Non budgetary information was included.**

Bank Reconciliations

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

Results of procedures performed:

Management represents that the list is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results of procedures performed:

- a] Monthly bank reconciliations were prepared by the independent fee accountant.
- b] Management reviewed each bank reconciliation.
- c] There was one insignificant outstanding check over 6 months old. I consider this an immaterial issue.

Collections

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

Results of procedures performed:

Management represents that the list is complete.

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

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results of procedures performed:

a1] All employees are bonded.

a(2), a(3)] Exception - The written policy/procedures provided to me for Public Housing rent collection do not address segregation of duties nor the process relating to collecting, depositing and reconciling collections. Otherwise this PHA is providing adequate segregation of duties based on their staffing budgets.

Note that there are compensated controls performed by a fee accountant on collection functions.

b] No exceptions noted with this testing

c] No exceptions noted with this testing

Management's response/corrective action plan:

We will revise the policies relating to all collection functions.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results of procedures performed:

The authority has a process to determine completeness for all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections. The independent fee accountant ensures completeness for all collections, including electronic transfers, for each revenue source and agency fund additions; however, the authority does not have written policies or procedures describing the process.

Management's response/corrective action plan:

We will modify our policies per the auditor's suggestion to describe the actual procedure in place whereby the independent fee accountant ensures completion.

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

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

Results of procedures performed:

Management represents that the list is complete.

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

Results of procedures performed:

a, b, c] Exception – The authority does not use purchase orders or requisitions. I consider this not considered necessary (NCN) for this small authority. For all 25 transactions tested, payments for purchases included a receiving report or equivalent which acknowledged that the proper goods ordered were received; and an approved invoice.

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

Results of procedures performed:

There was no documentation in writing that the person responsible for processing payments is prohibited from adding vendors to the authority's purchasing system, although the Executive Director reviews all vendors. I consider the policies and processes in place to be adequate for this small authority.

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

Results of procedures performed:

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

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

Results of procedures performed:

Unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority,

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

Results of procedures performed:

The authority does not use a signature stamp or machine.

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

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

Results of procedures performed:

Management represents that the list is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal

period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

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

Results of procedures performed:

a] There is evidence that the monthly statements and supporting documentation that I tested were reviewed and approved, in writing, by someone other than the authorized card holder.

b] there were no finance or late charges noted

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

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results of procedures performed:

We performed the above listed procedures and noted no exceptions.

Travel and Expense Reimbursement

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

Results of procedures performed:

Management represents that the list is complete.

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

Results of procedures performed:

We noted the following exception – the authority policy for per diem rates exceed the GSA rate by immaterial amounts. This is permissible under the regulations.

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

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

Results of procedures performed:

I performed the above listed procedures and noted no exceptions.

Contracts

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

Results of procedures performed:

Management represents that the list is complete.

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

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results of procedures performed:

- a] there is a formal/written contract that supports the services arrangement and the amount paid for each contract I tested.
- b] none of the contracts I tested are subject to Louisiana Public Bid Law or Procurement Code. Bids were obtained for each contract tested.
- c] None of the contracts were amended.
- d] I selected the largest payment from each of the contracts, obtained the supporting invoice, compared the invoice to the contract terms, and confirmed that the invoice and related payment complied with the terms and conditions of the contract.
- e] The board approved all contracts tested.

Payroll and Personnel

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

Results of procedures performed:

Management provided me a list of employees and represents that the list is complete.

- a] No exceptions noted with this testing.
- b] No exceptions noted with this testing.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and

leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results of procedures performed:

- a] The selected employees documented their daily attendance and leave.
- b] There is written documentation that a supervisor approved the attendance and leave of the selected employees/officials.
- c] There is written documentation that the entity maintained written leave records on those selected employees that earned leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results of procedures performed:

Management asserts that there were no terminations during the period.

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

Results of procedures performed:

No exceptions were noted in the above test.

Ethics (excluding nonprofits)

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

Results of procedures performed:

I reviewed ethics training certificates for each of the 5 employees selected and noted no exceptions.

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

Results of procedures performed:

Management represents that no alleged ethics violations were reported to them during the period.

Debt Service (excluding nonprofits)

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

Results of procedures performed:

Not applicable.

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

Results of procedures performed:

Not applicable.

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

Results of procedures performed:

Not applicable.

Other

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

Results of procedures performed:

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

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

Results of procedures performed:

The notice is properly posted.

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

Results of procedures performed:

No exceptions noted

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

April 18, 2018

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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, 2017, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated April 18, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the authority's internal control over financial reporting (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, 2017
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 April 18, 2018

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

April 18, 2018

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

Schedule of Findings
Fiscal Year Ended December 31, 2017

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, 2017

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, 2017, 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 April 18, 2018, on the financial statements of the authority. Management's response has also been included.

Comment – ML 2017-001

A portion of deposits held by a local bank were not collateralized with HUD approved securities. The bank balance as of December 31, 2017 was \$1,260,437. Of this amount, \$725,725 was covered by FDIC insurance. The remaining balance of \$534,712 was collateralized with bank pledged securities, however; of this amount, \$32,724 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. We notified the bank of this problem as soon as the auditor brought it to our attention and the bank 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, 2017, 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

April 18, 2018