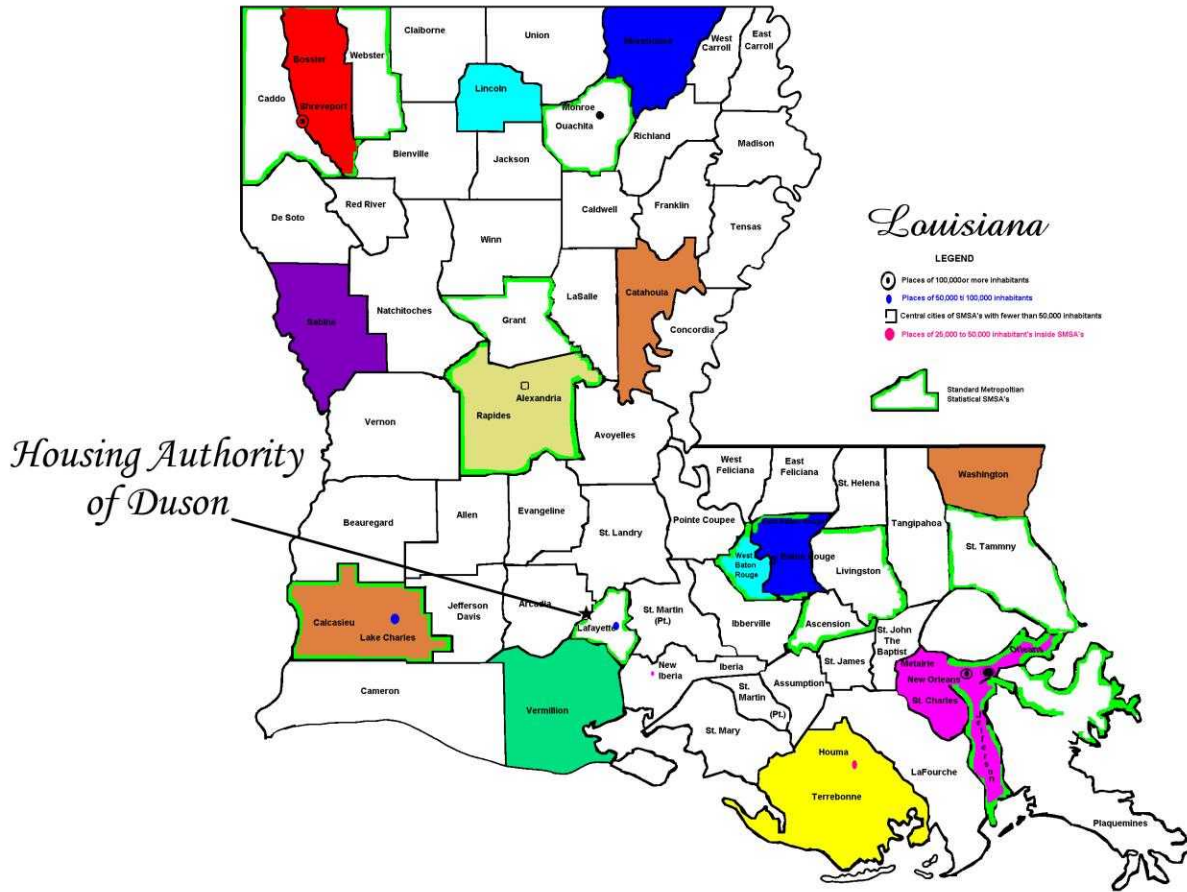


**HOUSING AUTHORITY
OF
DUSON, LOUISIANA**

**Financial Statements and
Supplemental Financial Information**

March 31, 2018

HOUSING AUTHORITY OF DUSON DUSON, LOUISIANA



* The Duson Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low-income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. The Housing Authority is governed by a five-member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Duson, serve staggered multi-year terms.

**Housing Authority of the Duson
Jena, Louisiana**

**Table of Contents
March 31, 2018**

	<u>Page No.</u>
Independent Auditor's Report.....	1-3
Management's Discussion and Analysis.....	4-7
<u>Basic Financial Statements</u>	
Statement of Net Position.....	9
Statement of Revenues, Expenses, and Changes in Net Position.....	10
Statement of Cash Flows.....	11
Statement of Cash Flows Reconciliation.....	12
Notes to the Basic Financial Statements.....	13-21
<u>Other Supplemental Statements and Schedules</u>	
Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer.....	23
Schedule of Compensation Paid to Board Members.....	24
Statement and Certification of Actual Modernization Cost.....	25
<u>Other Reports</u>	
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27-28
Schedule of Findings and Questioned Cost.....	29-31
Management's Corrective Action.....	32
Management Letter Comments.....	33
Schedule of Prior Year Findings.....	34
Financial Data Schedule.....	35

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

Housing Authority of Duson
Duson, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of Duson, Louisiana, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of Duson, as of March 31, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Duson's basic financial statements. The accompanying Financial Data Schedule, required by HUD, and supplementary schedules and statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule and supplementary schedules and statements 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 our opinion, the Financial Data Schedule and supplementary schedules and statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the Housing Authority of Duson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of Duson's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
December 16, 2020

**Housing Authority of Duson
Duson, Louisiana**

**Management's Discussion and Analysis
March 31, 2018**

As management of the Housing Authority of Duson, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$361,961 (net position).

As of the close of the current fiscal year, the Authority's ending unrestricted net position was \$208,861.

The Authority's cash balance at March 31, 2018, was \$71,893, of which \$30,548 was restricted.

The Authority had total revenue of \$202,543, of which \$110,213 was operating revenues, \$92,330 was non-operating revenues, and \$-0- was capital contributions.

The Authority had total expenses of \$74,135, of which \$60,999 was operating expenses and \$13,136 was nonoperating expenses.

Overview of the Basic Financial Statements

The discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and the notes to the basic financial statements.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Position includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

The Authority has three main funding sources in its financial operation. These are the Low Rent Public Housing, Capital Fund programs. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

Housing Authority of Duson
Management's Discussion and Analysis - Continued
March 31, 2018

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

The table below lists the asset and liability comparisons for the year ended March 31, 2018.

Statement of Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Current & Restricted Assets	\$ 116,076	\$ 246,775	112.6
Capital Assets, Net of Depreciation	<u>153,100</u>	<u>153,100</u>	0.0
Total Assets	<u>269,176</u>	<u>399,875</u>	112.6
Current Liabilities	35,623	37,914	6.4
Non-Current Liabilities	<u>-0-</u>	<u>-0-</u>	0.0
Total Liabilities	<u>35,623</u>	<u>37,914</u>	6.4
Net Investment in Capital Assets	153,100	153,100	0.0
Restricted Net Position	-0-	-0-	0.0
Unrestricted Net Position	<u>80,453</u>	<u>208,861</u>	159.6
Total Net Position	<u>\$ 233,553</u>	<u>\$ 361,961</u>	55.0

- Total assets increased by \$130,699 or 112.6% from last year. The primary reason for this increase was due to an increase in cash and cash equivalents in the amount of \$41,345 and accounts receivable in the amount of \$62,595.
- Total liabilities increased by \$2,292 or 6.4%. The primary reason for this change is due to an increase in current liabilities in the amount of \$2,292.
- Unrestricted net position increased by \$128,408 or 159.6%. The increase in assets is the main contributor for this increase.

Housing Authority of Duson
Management's Discussion and Analysis - Continued
March 31, 2018

The table below lists the revenue and expense comparisons for the year ended March 31, 2018.

Statement of Revenues, Expenses, & Changes in Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Operating Revenues			
Tenant Revenue	\$ -0-	\$ -0-	0.0
HUD PHA Operating	116,053	110,213	-5.0
Total Operating Revenues	<u>116,053</u>	<u>110,213</u>	-5.0
Operating Expenses			
Administrative	23,806	29,705	24.8
Utilities	787	225	-71.4
Maintenance	2,583	1,576	-39.0
Insurance	30,674	19,413	-36.7
General	-0-	10,080	100.0
Depreciation	-0-	-0-	0.0
Total Operating Expenses	<u>57,850</u>	<u>60,999</u>	5.5
Operating Income (Loss)	<u>58,203</u>	<u>49,214</u>	-15.5
Non-Operating Revenues (Expenses)			
Investment Income	20	101	405.0
Other Revenue	4,045	92,229	234.6
Casualty Losses	(103)	(13,136)	12,653.4
Extraordinary Maintenance	(7,300)	-0-	-100.0
Total Non-Operating Revenues (Expenses)	<u>(3,338)</u>	<u>79,194</u>	2,472.5
Capital Contributions	-0-	-0-	0.0
Change in Net Position	54,865	128,408	134.1
Net Position - Beginning	178,688	233,553	30.8
Net Position - Ending	\$ <u>233,553</u>	\$ <u>361,961</u>	55.0

- Total operating revenues decreased by \$5,840 or 5.0%. The primary reason is because of a decrease in HUD PHA operating revenue of \$5,840 or 5.0%.
- Total operating expenses decreased by \$3,149 or 5.5%. The primary reason is because of a decrease in insurance expense of \$11,261.
- Total non-operating revenues (expenses) changed by \$82,532. This change was due to an increase in other revenue of \$88,184 and an increase in casualty loss expense of \$13,033.

**Housing Authority of Duson
Management's Discussion and Analysis - Continued
March 31, 2018**

Capital Asset and Debt Administration

Capital Assets

As of March 31, 2018, the Authority's investment in capital assets was \$153,100 (net of accumulated depreciation). This investment included land, building, building improvements, office equipment, maintenance equipment, and construction in progress.

Capital Assets	2017	2018
Land*	\$ 153,100	\$ 153,100
Building & Improvements	2,218,024	2,218,024
Furniture & Equipment	82,450	82,450
Construction in Progress	-0-	-0-
Total Capital Assets	<u>2,453,574</u>	<u>2,453,574</u>
Less Accumulated Depreciation	<u>(2,300,474)</u>	<u>(2,300,474)</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 153,100</u>	<u>\$ 153,100</u>

*Land in the amount of \$153,100 is not being depreciated.

Long Term Debt

The Authority does not have any long-term liabilities at this time.

Future Events That Will Impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the March 31, 2019 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Housing Authority of Duson
P.O. Box 138
Duson, Louisiana 70529

Basic Financial Statements

**Housing Authority of the Duson
Duson, Louisiana
Statement of Net Position
March 31, 2018**

ASSETS	<u>ENTERPRISE FUND</u>
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 41,345
Accounts Receivable	174,265
Prepaid Items	617
RESTRICTED ASSETS	
Restricted Cash for Liabilities	28,748
Tenants' Security Deposits	1,800
TOTAL CURRENT ASSETS	<u>246,775</u>
NON-CURRENT ASSETS	
Capital Assets (Net of Accumulated Depreciation)	153,100
TOTAL NON-CURRENT ASSETS	<u>153,100</u>
TOTAL ASSETS	<u>399,875</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,293
Accrued PILOT	5,073
Tenants' Security Deposits	1,800
Unearned Revenue	28,748
TOTAL CURRENT LIABILITIES	<u>37,914</u>
NON-CURRENT LIABILITIES	
TOTAL NON-CURRENT LIABILITIES	<u>-0-</u>
TOTAL LIABILITIES	<u>37,914</u>
NET ASSETS	
Net Investment in Capital Assets	153,100
Unrestricted	208,861
TOTAL NET POSITION	<u>\$ 361,961</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Duson
Duson, Louisiana
Statement of Revenues, Expenses, & Changes in Net Position
Year Ended March 31, 2018**

	<u>ENTERPRISE FUND</u>
OPERATING REVENUES	
Tenant Rental Revenue	\$ -0-
HUD PHA Operating Grant	110,213
TOTAL OPERATING REVENUES	<u>110,213</u>
 OPERATING EXPENSES	
<i>Administration:</i>	
Administrative	29,705
<i>Cost of Sales & Service:</i>	
Water	-0-
Electricity	-0-
Gas	-0-
Sewer	225
Materials	-0-
Contract Cost	1,576
Insurance	19,413
Payment in Lieu of Taxes	-0-
Other General Expense	10,080
<i>Depreciation</i>	-0-
TOTAL OPERATING EXPENSES	<u>60,999</u>
 OPERATING INCOME (LOSS)	 <u>49,214</u>
 NON-OPERATING REVENUES (EXPENSES)	
Interest Earnings	101
Other Revenue	92,229
Casualty Losses	(13,136)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>79,194</u>
 Capital Contributions	 <u>-0-</u>
 CHANGE IN NET POSITION	 128,408
 TOTAL NET POSITION - BEGINNING	 <u>233,553</u>
TOTAL NET POSITION - ENDING	\$ <u>361,961</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Duson
Duson, Louisiana
Statement of Cash Flows
Year Ended March 31, 2018**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers & Users	\$ -0-
Receipts from HUD	47,616
Payments to Suppliers	(58,731)
Payments for PILOT	-0-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(11,115)</u>
 CASH FLOWS FROM NON-CAPITAL ACTIVITIES	
Other Revenue	92,229
Casualty Losses	(13,136)
NET CASH PROVIDED (USED) BY NON-CAPITAL ACTIVITIES	<u>79,093</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants	-0-
Acquisition & Construction / Deletion of Capital Assets	-0-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-0-</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest & Dividends Received	101
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>101</u>
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	68,079
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,814</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>71,893</u></u>
 RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	41,345
Restricted Cash for Liabilities	28,748
Tenants' Security Deposits	1,800
TOTAL CASH & CASH EQUIVALENTS	<u>\$ 71,893</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Duson
Duson, Louisiana
Statement of Cash Flows
Reconciliation
For The Year Ended March 31, 2018**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ <u>49,214</u>
Depreciation Expense	-0-
(Increase) Decrease in Receivables	(62,596)
(Increase) Decrease in Prepaid Items	(25)
Increase (Decrease) in Accounts Payable	2,293
Increase (Decrease) in Unearned Revenue	(1)
Increase (Decrease) in PILOT	-0-
Increase (Decrease) in Tenant Security Deposits	-0-
TOTAL ADJUSTMENTS	<u>(60,329)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(11,115)</u>
 LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES	
Contributions of Capital Assets from Government	\$ <u>-0-</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Duson
Duson, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2018**

INTRODUCTION

The Housing Authority of Duson is a 30-unit apartment complex for persons of low income located in Duson, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe, and sanitary dwelling for persons of low-income. This creation was contingent upon the local governing body of the city of parish is governed by a five-member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Duson, Louisiana, serve staggered multi-year terms.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the Duson because the Duson appoints a voting majority of the Housing Authority's governing board. The Duson is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Duson. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Duson.

BASIS OF PRESENTATION

As required by Louisiana State Reporting Law (LSA-R.S. 24:514) and HUD regulations, financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of the PHA are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

**Housing Authority of the Duson
Duson, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

Proprietary Fund Type – Proprietary fund is accounted for on the flow of economic resources measurements focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The PHA applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The PHA’s funds include the following type:

Enterprise Fund – Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. BASIC FINANCIAL STATEMENTS

The basic financial statements (i.e., the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position) report information on all of the activities of the authority.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The basic financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of Interfund activity has been eliminated from the basic financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Housing Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Housing Authority of the Duson
Duson, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

D. DEPOSITS & INVESTMENTS

The Housing 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. State law and the housing authority’s investment policy allow the housing authority to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**Housing Authority of the Duson
Duson, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

E. REVENUE RECOGNITION

Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual – that is, when they become *measurable* and *available* to the finance expenditures of the fiscal period. “Available” is determined as collectible within the 12 months of the fiscal year or soon enough thereafter to be used in pay liabilities of the current period.

F. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either “due to/from other funds” (i.e., the current portion of Interfund loans) or “advances to/from other funds” (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the accompanying basic financial statements, are offset by a restriction on net position. All trade and other receivables are shown net of an allowance for uncollectibles.

G. INVENTORIES & PREPAID ITEMS

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

**Housing Authority of the Duson
Duson, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings	20 years
Building improvements	10 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment	5 years

I. LONG-TERM OBLIGATIONS

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

J. EXTRAORDINARY & SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

K. COMPENSATED ABSENCES

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be restricted upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

L. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Housing Authority of the Duson
Duson, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

M. UNEARNED INCOME

The Housing Authority reports prepaid revenues on its statement of net position. Prepaid revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for prepaid revenue is removed from the statement of net position and the revenue is recognized.

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At March 31, 2018, the housing authority has cash and investments (bank balances) totaling \$71,893 as follows:

Demand deposits	\$	71,893
Time deposits		-0-
Total	\$	<u>71,893</u>

These deposits are stated at cost, which approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposits

It is the housing authority's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The housing authority's deposits are categorized to give an indication of the level of risk assumed by the housing authority at year end. The categories are described as follows:

- **Category 1** – Insured or collateralized with securities held by the housing authority or by its agent in the housing authority's name.
- **Category 2** – Collateralized with securities held by the pledging financial institution's trust department or agent in the housing authority's name.
- **Category 3** – Uncollateralized.

**Housing Authority of the Duson
Duson, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

Amounts on deposit are secured by the following pledges:

Description	Market Value
FDIC (Category 1)	\$ 71,893
Securities (Category 2)	-0-
Total	\$ 71,893

Deposits were fully secured as of March 31, 2018.

3. RESTRICTED ASSETS

At March 31, 2018, restricted assets of the Enterprise Funds were restricted for the following purposes:

Tenant Security Deposits	\$ 1,800
Capital Fund Projects	28,748
Total	\$ 30,548

4. ACCOUNTS RECEIVABLE

The authority had receivables as of March 31, 2018 as follows:

Accounts Receivable HUD	\$ 174,188
Accounts Receivable – Other	2
Tenant Rents Receivable	309
Allowance for Doubtful Accounts	(234)
Total	\$ 174,265

5. CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land *	\$ 153,100	\$ -0-	\$ -0-	\$ 153,100
Buildings & Leasehold Improvements	2,218,024	-0-	-0-	2,218,024
Furniture & Equipment, Etc.	82,450	-0-	-0-	82,450
Total	2,453,574	-0-	-0-	2,453,574
Less Accumulated Depreciation	(2,300,474)	-0-	-0-	(2,300,474)
Net Capital Assets	\$ 153,100	\$ -0-	\$ -0-	\$ 153,100

* Land in the amount of \$153,100 is not being depreciated.

**Housing Authority of the Duson
Duson, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

6. ACCOUNTS, SALARIES & OTHER PAYABLES

The payables of \$37,914 at March 31, 2018, are as follows:

Accounts Payable	\$ 2,293
Accrued PILOT	5,073
Unearned Revenue	28,748
Tenant Security Deposits	1,800
Total	\$ <u>37,914</u>

7. RETIREMENT SYSTEMS

The Housing Authority did not participate in a retirement plan.

8. COMMITMENTS AND CONTINGENCIES

Contingency – The HUD-OIG conducted a review of selected aspects of the Authority’s operations and issued a report dated September 10, 2015. Various recommendations have been forwarded to the Director of Public Housing of HUD-New Orleans. The Authority has not been subject to an independent audit in several years.

Litigation – The Housing Authority is not presently involved in litigation.

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

Construction Projects – There are certain renovation or construction projects in progress at March 31, 2018. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Risk Management – The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

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

**Housing Authority of the Duson
Duson, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
MARCH 31, 2018**

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

Louisiana State Law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council Group Self Insured Fund (LHC) risk pool is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

Coverage has not significantly changed from the previous year and settlements for each of the past three years have not exceeded insurance coverage.

At March 31, 2018, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

9. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$110,213 to the housing authority, which represents approximately 54.4% of the housing authority's revenues for the year.

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through December 16, 2020, of the independent auditor's report for potential recognition or disclosure in the financial statements.

**Other Supplemental Statements
& Schedules**

**Housing Authority of the Duson
Duson, Louisiana**

**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended March 31, 2018**

Kathy Bearb, Executive Director

Purpose	Amount
Salary*	\$ -0-
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	209
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses**	-0-
Special Meals	\$ -0-

*Kathy was contract labor for part of the year in which she earned \$26,000.

**An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

**Housing Authority of the Duson
Duson, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended March 31, 2018**

<u>Board Member</u>	<u>Title</u>	<u>Salary</u>
Brenda Pirouznia	Chairman	\$ -0-
Georgette Dugas	Commissioner	-0-
Barbara Dearman	Commissioner	-0-
Jackie Wiltz	Commissioner	-0-
Carroll Pepper	Commissioner	\$ -0-

**Housing Authority of the Duson
Duson, Louisiana
Statement and Certification of Actual Modernization Cost
Annual Contribution Contract**

	Incomplete Project CFP 2011-501	Incomplete Project CFP 2012-501	Incomplete Project CFP 2013-501	Incomplete Project CFP 2015-501	Incomplete Project CFP 2016-501	Incomplete Project CFP 2017-501	Incomplete Project CFP 2018-501	Total
The Actual Modernization Costs Are As Follows:								
1. Funds Approved	\$ 34,742	\$ 32,159	\$ 30,900	\$ 31,705	\$ 33,418	\$ 35,060	\$ 54,444	\$ 252,428
Funds Expended	<u>(34,742)</u>	<u>(32,159)</u>	<u>(30,900)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(97,801)</u>
Excess of Funds Approved	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>31,705</u>	<u>33,418</u>	<u>35,060</u>	<u>54,444</u>	<u>154,627</u>
2. Funds Advanced	34,742	32,159	30,900	-0-	-0-	-0-	-0-	97,801
Funds Expended	<u>(34,313)</u>	<u>(20,135)</u>	<u>(16,296)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(70,744)</u>
Excess of Funds Advanced	<u>\$ 429</u>	<u>\$ 12,024</u>	<u>\$ 14,604</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 27,057</u>

The accompanying notes are an integral part of this statement.



Other Reports

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

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*

Housing Authority of Duson
Duson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of Duson, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of Duson's basic financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 Housing Authority of Duson's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items: **2018-1 Cash Management and 2018-2 Annual Filing of Financial Statements**.

The Housing Authority of Duson's Response to Findings

The Housing Authority of Duson's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of Duson's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
December 16, 2020

**HOUSING AUTHORITY OF DUSON
DUSON, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended March 31, 2018**

We have audited the basic financial statements which collectively comprise the Housing Authority of Duson, Louisiana, as of and for the year ended March 31, 2018, and have issued our report thereon dated December 16, 2020. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Results

Our audit of the basic financial statements as of March 31, 2018, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Basic Financial Statements Yes No

b. Federal Awards (Not applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification of Major Programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program (or Cluster)</u>
------------------------	---

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

**HOUSING AUTHORITY OF DUSON
DUSON, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended March 31, 2018**

Section II Financial Statement Findings

2018-1 Cash Management (Compliance)

Condition: The Housing Authority has the following CFP projects in which the PHA has drawn down the funds but not made the disbursement:

2011 CFP \$428.50
2012 CFP \$12,024.12
2013 CFP \$16,296.00

Criteria: When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Except for interest earned on advances of funds exempt under the Intergovernmental and Cooperation Act (31 USC 6501 *et seq.*) and the Indian Self-Determination Act (23 USC 450), interest earned by local government and Indian tribal government grantees and subgrantees on advances is required to be submitted promptly, but at least quarterly, to the federal agency. Up to \$100 per year may be kept for administrative expenses. Interest earned by non-state non-profit entities on federal fund balances in excess of \$250 is required to be remitted to Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852.

Cause of Condition: The PHA not minimizing the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement.

Potential Effect of Condition: Compliance violation.

Recommendation: The PHA should develop procedures to minimize the time elapsing between the drawdown of CFP funds and the disbursement of those funds.

Client Response: The PHA will develop procedures to minimize the time elapsing between the drawdown of CFP funds and the disbursement of those funds.

2018-2 Annual Filing of Financial Statements (Compliance)

Condition: The Housing Authority did not timely file their financial statements with the Legislative Auditor.

Criteria: LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable require that governmental units file their financial statements annually with the Legislative Auditor's Office within six months of the Housing Authority's year end closing.

**HOUSING AUTHORITY OF DUSON
DUSON, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended March 31, 2018**

Section II Financial Statement Findings (Continued)

Cause of Condition: Not having the financial statements completed on time.

Potential Effect of Condition: Compliance finding and a freeze on grant funding.

Recommendation: The Housing Authority should have their audit completed in time to file with the Legislative Auditor's Office within six months of the Housing Authority's year end closing.

Client Response: The Housing Authority will have their audit completed in time to file with the Legislative Auditor's Office within six months of the Housing Authority's year end closing.

Section III Federal Awards Findings and Questioned Costs.

Not applicable.

**HOUSING AUTHORITY OF DUSON
DUSON, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS:

2018-1 Cash Management

Finding: The Housing Authority has the following CFP projects in which the PHA has drawn down the funds but not made the disbursement:

2011 CFP \$428.50
2012 CFP \$12,024.12
2013 CFP \$16,296.00

When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Except for interest earned on advances of funds exempt under the Intergovernmental and Cooperation Act (31 USC 6501 *et seq.*) and the Indian Self-Determination Act (23 USC 450), interest earned by local government and Indian tribal government grantees and subgrantees on advances is required to be submitted promptly, but at least quarterly, to the federal agency. Up to \$100 per year may be kept for administrative expenses. Interest earned by non-state non-profit entities on federal fund balances in excess of \$250 is required to be remitted to Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852.

Corrective Action: The PHA will develop procedures to minimize the time elapsing between the drawdown of CFP funds and the disbursement of those funds.

Contact Person: Kathy Bearb, Executive Director

Anticipated Completion Date: March 31, 2021

2018-2 Annual Filing of Financial Statements

Finding: The Housing Authority did not timely file their financial statements with the Legislative Auditor. LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable require that governmental units file their financial statements annually with the Legislative Auditor's Office within six months of the Housing Authority's year end closing.

Corrective Action: The Housing Authority will have their audit completed in time to file with the Legislative Auditor's Office within six months of the Housing Authority's year end closing.

Contact Person: Kathy Bearb, Executive Director

Anticipated Completion Date: March 31, 2021

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Housing Authority's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2018-3 Tenant Deposits

Condition: The PHA has \$1,800 cash restricted for tenant security deposits. The Authority has been vacated of tenants with no tenants able to return in the foreseeable future.

Criteria: The PHA is required to return the tenants security deposits once vacated from the property.

Cause of Condition: The PHA has flooded and has mold issues with units and unable to operate.

Potential Effect of Condition: Not refunding deposits potentially owed to previous tenants.

Recommendation: The PHA should research each tenant and either refund the deposit or apply to any rent amounts owed by the tenants.

Client Response: The PHA will research each tenant and either refund the deposit or apply to any rent amounts owed by the tenants.

**HOUSING AUTHORITY OF THE DUSON
DUSON, LOUISIANA**

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Duson, Louisiana has provided the following action summaries relating to findings brought to their attention as a result of their financial compilation for the year ended March 31, 2017.

PRIOR YEAR FINDINGS:

2017-1 Annual Filing of Financial Statements (Unresolved)

Condition: The Housing Authority did not timely file their financial statements with the Legislative Auditor.

Criteria: LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable require that governmental units file their financial statements annually with the Legislative Auditor's Office within six months of the Housing Authority's year end closing.

Cause of Condition: Not having the financial statements completed on time.

Potential Effect of Condition: Compliance finding and a freeze on grant funding.

Recommendation: The Housing Authority should have their audit completed in time to file with the Legislative Auditor's Office within six months of the Housing Authority's year end closing.

Client Response: The Housing Authority will have their audit completed in time to file with the Legislative Auditor's Office within six months of the Housing Authority's year end closing.

Financial Data Schedule

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$41,345	\$41,345		\$41,345
112 Cash - Restricted - Modernization and Development	\$0	\$0		\$0
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$1,800	\$1,800		\$1,800
115 Cash - Restricted for Payment of Current Liabilities	\$28,748	\$28,748		\$28,748
100 Total Cash	\$71,893	\$71,893	\$0	\$71,893
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$174,188	\$174,188		\$174,188
124 Accounts Receivable - Other Government	\$2	\$2		\$2
125 Accounts Receivable - Miscellaneous	\$0	\$0		\$0
126 Accounts Receivable - Tenants	\$309	\$309		\$309
126.1 Allowance for Doubtful Accounts -Tenants	-\$234	-\$234		-\$234
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	\$174,265	\$174,265	\$0	\$174,265

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$617	\$617		\$617
143 Inventories				

	Project Total	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From	\$0	\$0		\$0
145 Assets Held for Sale				
150 Total Current Assets	\$246,775	\$246,775	\$0	\$246,775
161 Land	\$153,100	\$153,100		\$153,100
162 Buildings	\$1,731,437	\$1,731,437		\$1,731,437
163 Furniture, Equipment & Machinery - Dwellings	\$24,484	\$24,484		\$24,484
164 Furniture, Equipment & Machinery - Administration	\$57,966	\$57,966		\$57,966
165 Leasehold Improvements	\$486,587	\$486,587		\$486,587
166 Accumulated Depreciation	-\$2,300,474	-\$2,300,474		-\$2,300,474
167 Construction in Progress	\$0	\$0		\$0
168 Infrastructure	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$153,100	\$153,100	\$0	\$153,100

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	\$0	\$0		\$0
173 Grants Receivable - Non Current				
174 Other Assets	\$0	\$0		\$0
176 Investments in Joint Ventures	\$0	\$0		\$0
180 Total Non-Current Assets	\$153,100	\$153,100	\$0	\$153,100
200 Deferred Outflow of Resources		\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$399,875	\$399,875	\$0	\$399,875

	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$2,293	\$2,293		\$2,293
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs	\$0	\$0		\$0
332 Account Payable - PHA Projects				

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

333	Accounts Payable - Other Government	\$5,073	\$5,073		\$5,073
341	Tenant Security Deposits	\$1,800	\$1,800		\$1,800
342	Unearned Revenue	\$28,748	\$28,748		\$28,748
343	Current Portion of Long-term Debt - Capital	\$0	\$0		\$0
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	\$0	\$0		\$0
310	Total Current Liabilities	\$37,914	\$37,914	\$0	\$37,914
351	Long-term Debt, Net of Current - Capital Projects/Mortgage	\$0	\$0		\$0
352	Long-term Debt, Net of Current - Operating Borrowings				
353	Non-current Liabilities - Other				
354	Accrued Compensated Absences - Non Current				
355	Loan Liability - Non Current	\$0	\$0		\$0
356	FASB 5 Liabilities				
		Project Total	Subtotal	ELIM	Total
357	Accrued Pension and OPEB Liabilities	\$0	\$0		\$0
350	Total Non-Current Liabilities	\$0	\$0	\$0	\$0

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

300 Total Liabilities	\$37,914	\$37,914	\$0	\$37,914
400 Deferred Inflow of Resources		\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$153,100	\$153,100	\$0	\$153,100
511.4 Restricted Net Position		\$0	\$0	\$0
512.4 Unrestricted Net Position	\$208,861	\$208,861	\$0	\$208,861
513 Total Equity - Net Assets / Position	\$361,961	\$361,961	\$0	\$361,961
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$399,875	\$399,875	\$0	\$399,875

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$0		\$0
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$110,213	\$110,213		\$110,213
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$101	\$101		\$101
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	\$92,229	\$92,229		\$92,229

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$202,543	\$202,543	\$0	\$202,543
91100 Administrative Salaries				

	Project Total	Subtotal	ELIM	Total
91200 Auditing Fees				
91300 Management Fee	\$0	\$0		\$0
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$28	\$28		\$28
91500 Employee Benefit contributions - Administrative				
91600 Office Expenses	\$29,548	\$29,548		\$29,548
91700 Legal Expense				
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$129	\$129		\$129
91000 Total Operating - Administrative	\$29,705	\$29,705	\$0	\$29,705
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer	\$225	\$225		\$225
93700 Employee Benefit Contributions - Utilities				

	Project Total	Subtotal	ELIM	Total
93800 Other Utilities Expense				
93000 Total Utilities	\$225	\$225	\$0	\$225
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and				
94300 Ordinary Maintenance and Operations Contracts	\$1,576	\$1,576		\$1,576
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$1,576	\$1,576	\$0	\$1,576

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$15,603	\$15,603		\$15,603
96120 Liability Insurance	\$2,607	\$2,607		\$2,607
96130 Workmen's Compensation	\$805	\$805		\$805
96140 All Other Insurance	\$398	\$398		\$398
96100 Total insurance Premiums	\$19,413	\$19,413	\$0	\$19,413
96200 Other General Expenses	\$10,080	\$10,080		\$10,080
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
	Project Total	Subtotal	ELIM	Total
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$10,080	\$10,080	\$0	\$10,080

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$60,999	\$60,999	\$0	\$60,999
97000 Excess of Operating Revenue over Operating Expenses	\$141,544	\$141,544	\$0	\$141,544
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized	\$13,136	\$13,136		\$13,136
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$0	\$0		\$0
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$74,135	\$74,135	\$0	\$74,135
10010 Operating Transfer In				
10020 Operating transfer Out				

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	Subtotal	ELIM	Total
10030 Operating Transfers from/to Primary Government	\$0	\$0		\$0
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	\$128,408	\$128,408	\$0	\$128,408
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$390,440	\$390,440		\$390,440
11040 Prior Period Adjustments, Equity Transfers and	-\$156,887	-\$156,887		-\$156,887
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				

Housing Authority of Duson (LA130)
DUSON, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				

	Project Total	Subtotal	ELIM	Total
11190 Unit Months Available	360	360		360
11210 Number of Unit Months Leased	0	0		0
11270 Excess Cash	\$203,161	\$203,161		\$203,161
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0