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HOUSING AUTHORITY OF MINDEN
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/21/10

Mike Estes, P.C.
A Professional Accounting Corporation

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MIKE ESTES, CPA

Independent Auditor's Report

Board of Commissioners
Housing Authority of Minden
Minden, Louisiana

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Housing Authority of Minden, Louisiana as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of Minden, Louisiana's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Housing Authority of Minden, Louisiana, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of the Housing Authority of Minden, Louisiana'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Minden, Louisiana's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Housing Authority of Minden, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedules required by HUD and other accompanying information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Estes, P.C.
Fort Worth, Texas
December 7, 2009

Housing Authority of the City of Minden
Management's Discussion and Analysis (MD&A)
June 30, 2009

As management of the Housing Authority, we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are rounded to the nearest dollar.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities at the close of the most recent fiscal year by 5,948,019 (net assets). Of this amount, \$1,162,659(unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Housing Authority's enterprise funds reported combined ending net assets of 5,948,019, an increase of \$13,932 in comparison with the prior year adjusted. The prior year was increased by \$195,005 to record a receivable from HUD for operating subsidy. Approximately twenty percent of this total amount is available for spending at the Housing Authority's discretion (unrestricted net assets).
- At the end of the current fiscal year, unrestricted net assets for the general fund was \$860,790, or sixty-three percent of total general fund operating expenses for the fiscal year. Unrestricted net assets of the Section 8 fund of \$188,054 is thirty-seven percent of total Section 8 operating expenses for the year. Unrestricted net assets of the management fees fund were \$113,815.
- Net assets of the general fund increased \$91,309 from the prior year. Net assets of the Section 8 fund decreased \$(56,638). The management fees fund net assets decreased \$(20,739).

OVERVIEW OF THE FINANCIAL STATEMENTS This discussion and analysis is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Housing Authority are reported as proprietary and fiduciary fund types.

USING THIS ANNUAL REPORT The Housing Authority's annual report consists of financial statements that show information about the Housing Authority's most significant funds – such as the Housing Authority's general fund tenant based Section 8 fund and management fees fund.

Our auditor has provided assurance in the independent auditor's report located immediately preceding this Management's Discussion and Analysis that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Housing Authority of the City of Minden
Management's Discussion and Analysis (MD&A)
June 30, 2009

Reporting the Housing Authority's Most Significant Funds The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities or using grants and other money. The Housing Authority's enterprise funds use the following accounting approach.

Proprietary funds – All of the Housing Authority's services are reported in enterprise funds. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement which together with the maintenance of equity is an important financial indication.

FINANCIAL ANALYSIS The Housing Authority's net assets (in thousands) was \$5,948 at June 30, 2009. Of this amount, \$1,163 was unrestricted. As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. The general fund is used to account for the public housing and capital fund programs. Section 8 vouchers are accounted for in the section 8 fund. Our analysis below focuses on the net assets and the change in net assets of the Housing Authority as a whole.

Housing Authority of the City of Minden
Management's Discussion and Analysis (MD&A)
June 30, 2009

Table 1
Net Assets
(in thousands)
June 30, 2009

	<u>2009</u>	<u>2008</u>	Variance Favorable (Unfavorable)
Current assets	\$1,249	\$1,452	\$ (203)
Restricted current assets	129	20	109
Capital assets, net	<u>4,679</u>	<u>4,578</u>	<u>101</u>
Total assets	6,057	6,050	7
Current liabilities	50	65	15
Current liabilities payable from current restricted assets	22	20	(2)
Long-term liabilities	<u>37</u>	<u>31</u>	<u>(6)</u>
Total liabilities	109	116	7
Net assets			
Invested in capital assets, net of			
Related debt	4,679	4,578	101
Restricted	106	-	106
Unrestricted	<u>1,163</u>	<u>1,356</u>	<u>(193)</u>
Total net assets	\$ <u>5,948</u>	<u>5,934</u>	<u>14</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the Housing Authority had \$4,679 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$101 or 2.2% from last year. See Note 4 to the financial statements for more detail on capital assets.

Housing Authority of the City of Minden
Management's Discussion and Analysis (MD&A)
June 30, 2009

Table 2
Net Assets (in thousands)
June 30, 2009

	2009	2008	Variance Favorable (Unfavorable)
Revenues/capital contributions:			
Operating revenues			
Dwelling rental	\$ 384	\$ 375	\$ 9
Other	75	129	(54)
Federal grants	1,122	1,175	(53)
Non Operating Revenues			
Interest earnings	12	15	(3)
Gain on dispositions of equipment	0	2	(2)
Capital contributions	316	308	8
Total Revenues/capital contributions	\$ 1,909	\$ 2,004	\$ (95)
Expenses:			
Operating Expenses			
Administration	393	406	(13)
Tenant services	4	0	4
Utilities	65	57	8
Ordinary maintenance & operations	348	456	(108)
General expenses	225	115	110
Housing assistance payments	413	378	35
Extraordinary maintenance	87	0	87
Depreciation	360	414	(54)
Total Expenses	1,895	1,826	69
Increase (decrease) in net assets	\$ 14	\$ 178	\$ (164)

Total revenues decreased by \$95:

- \$26 decrease in General fund due to various decreases.
- \$69 decrease in Tenant Based Section 8 fund due to the decrease in HUD funding.
- Management fees did not change.

Total expenses increased \$69:

- \$29 increase in General fund. Extraordinary maintenance of \$87 was partially offset by the decrease in depreciation expense.
- Tenant Based Section 8 fund's expenses increase \$40 from the prior year.

Housing Authority of the City of Minden
Management's Discussion and Analysis (MD&A)
June 30, 2009

**Capital Assets
(in thousands)
June 30, 2009**

	<u>2009</u>	<u>2008</u>	Variance Favorable (Unfavorable)
Land	\$ 155	155	\$ -
Construction in progress	655	262	393
Buildings	3,690	3,975	(285)
Furniture and equipment	<u>179</u>	<u>186</u>	<u>(7)</u>
Totals	<u>\$ 4,679</u>	<u>4,578</u>	<u>101</u>

No debt was issued for these additions.

Debt

Our long-term debt includes accrued annual and sick leave of \$53,672. We present more detail about our long-term liabilities in the Note 7 to the financial statements.

ECONOMIC FACTORS The Housing Authority is primarily dependent upon HUD for the funding of operations, therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Reese Hood, Executive Director, at the Housing Authority of the City of Minden, 1209 East Street, Minden, Louisiana 71055, telephone number (318)377-1077.

HOUSING AUTHORITY OF MINDEN
BALANCE SHEET
JUNE 30, 2009

	General	Housing Choice Vouchers	Management Fees	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 237,890	\$ 169,624	\$ 117,449	\$ 524,963
Investments	239,437	41,397	0	280,834
Accounts receivable net	322,175	0	0	322,175
Interest receivable	0	13	0	13
Internal balances	23,468	(19,834)	(3,634)	0
Prepaid items and other assets	104,619	0	0	104,619
Inventory	16,486	0	0	16,486
Restricted assets – cash and cash equivalents	22,323	106,246	0	128,569
Total Current Assets	966,398	297,446	113,815	1,377,659
Capital Assets, net				
Land and other non-depreciated assets	810,548	0	0	810,548
Other capital assets - net of depreciation	3,856,319	12,247	0	3,868,566
Total Capital Assets, net	4,666,867	12,247	0	4,679,114
Total Assets	\$ 5,633,265	\$ 309,693	\$ 113,815	\$ 6,056,773
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 23,037	\$ 1,582	\$ 0	\$ 24,619
Deferred revenue	1,595	0	0	1,595
Compensated absences payable	15,654	1,248	0	16,902
Accrued PILOT	6,793	0	0	6,793
Deposits due others	22,075	0	0	22,075
Total Current Liabilities	69,154	2,830	0	71,984
Noncurrent Liabilities				
Compensated absences payable	36,454	316	0	36,770
Total Liabilities	105,608	3,146	0	108,754
NET ASSETS				
Invested in capital assets, net of related debt	4,666,867	12,247	0	4,679,114
Restricted	0	106,246	0	106,246
Unrestricted	860,790	188,054	113,815	1,162,659
Net Assets	5,527,657	306,547	113,815	5,948,019
Total Liabilities and Net Assets	\$ 5,633,265	\$ 309,693	\$ 113,815	\$ 6,056,773

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF MINDEN
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2009

	General	Housing Choice Voucher	Management Fees	Total
OPERATING REVENUES				
Dwelling rental	\$ 383,762	\$ 0	0	\$ 383,762
Governmental operating grants	681,576	440,795	0	1,122,371
Other	41,283	804	32,703	74,790
Total Operating Revenues	1,106,621	441,599	32,703	1,580,923
OPERATING EXPENSES				
Administration	303,069	59,820	30,487	393,376
Tenant services	4,174	0	0	4,174
Utilities	65,548	0	0	65,548
Ordinary maintenance & operations	347,338	0	0	347,338
General expenses	198,932	20,352	5,838	225,122
Depreciation	352,924	6,666	0	359,590
Extraordinary maintenance	86,618	0	0	86,618
Housing assistance payments	0	413,311	0	413,311
Total Operating Expenses	1,358,603	500,149	36,325	1,895,077
Income (loss) from Operations	(251,982)	(58,550)	(3,622)	(314,154)
Non Operating Revenues (Expenses)				
Interest earnings	9,871	1,912	472	12,255
Total Non-Operating Revenues (Expenses)	9,871	1,912	472	12,255
Income (loss) before contribution	(242,111)	(56,638)	(3,150)	(301,899)
Transfer	17,589	0	(17,589)	0
Capital Contribution	315,831	0	0	315,831
Change in net assets	91,309	(56,638)	(20,739)	13,932
Total net assets - beginning adjusted	5,241,343	363,185	134,554	5,739,082
Prior period adjustments - Note 12	195,005	0	0	195,005
Total Net assets - beginning adjusted	5,436,348	363,185	134,554	5,934,087
Total Net assets ending	\$ 5,527,657	306,547	113,815	5,948,019

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF MINDEN
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009

	General	Housing Choice Voucher	Management Fees	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Rental receipts	\$ 374,167	\$ 0	\$ 0	\$ 374,167
Other receipts	10,360	15,395	50,792	76,547
Federal grants	552,923	440,795	0	993,718
Payments to vendors	(496,856)	(37,177)	(23,488)	(557,521)
Payments to employees – net	(542,228)	(42,049)	(12,837)	(597,114)
Payments to private landlords	0	(413,311)	0	(413,311)
Net cash provided (used) by operating activities	(101,634)	(36,347)	14,467	(123,514)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers in	17,589	0	0	17,589
Operating transfers out	0	0	(17,589)	(17,589)
Net cash provided (used) by non-capital financing activities	17,589	0	(17,589)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	14,815	0	0	14,815
Purchase of capital assets	(467,732)	(520)	0	(468,252)
Federal Capital Grants	315,831	0	0	315,831
Net cash provided (used) by capital and related financing activities	(137,086)	(520)	0	(137,606)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	6,151	2,426	473	9,050
Purchase of investments	(6,974)	(1,765)	0	(8,739)
Net cash provided (used) by investing activities	(823)	661	473	311
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(221,954)	(36,206)	(2,649)	(260,809)
CASH AND CASH EQUIVALENTS Beginning of Fiscal Year	482,167	312,076	120,098	914,341
CASH AND CASH EQUIVALENTS End of Fiscal Year	\$ 260,213	275,870	\$ 117,449	653,532

Continued

HOUSING AUTHORITY OF MINDEN
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009

	General	Housing Choice Voucher	Management Fees	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (251,982)	\$ (58,550)	\$ (3,622)	\$ (314,154)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Prior Period Adjustments	195,005	6,666		201,671
Depreciation Expense	352,924	0	0	352,924
Provision of uncollectible accounts	9,248	0	0	9,248
Change in assets and liabilities:				
Receivables	(7,412)	0	0	(7,412)
Inventories	(2,916)	0	0	(2,916)
Prepaid items	(44,860)	0	0	(44,860)
Account payables	(312,650)	946	0	(311,704)
Accrued expenses	(8,068)	0	7	(8,061)
Due to other funds	(32,673)	0	0	(32,673)
Deposits due others	1,750	14,591	18,082	34,423
Net cash provided (used) by operations	<u>\$ (101,634)</u>	<u>\$ (36,347)</u>	<u>\$ 14,467</u>	<u>\$ (123,514)</u>

Concluded

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF MINDEN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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HOUSING AUTHORITY OF MINDEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of Minden 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.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of Minden, serve staggered multi-year terms.

The Housing Authority has the following units:

	# of Units
PHA Owned Housing	247
Section 8	
Housing Choice Vouchers	137

GASB Statement 14 establishes 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 City of Minden since the City of Minden appoints a voting majority of the Housing Authority's governing board. The City of Minden is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Minden. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Minden.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

- 1) Appointing a voting majority of an organization's governing body, and:
 - a) The ability of the government to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.

HOUSING AUTHORITY OF MINDEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that the following component unit should be considered as part of the Housing Authority reporting entity.

Minden Housing Authority Development Company, LLC is a legally separate entity. The Board is the same as the Board of Commissioners of the Housing Authority. Based on the above, it has been determined that the Corporation is a component unit of the Housing Authority and should be included in the Housing Authority's financial statements through blended presentation. The Corporation does not issue separate financial statements. For fiscal year ended June 30, 2009, there was no current year activity.

B. FUNDS The accounts of the Housing 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 are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the public housing Low Rent program and the Capital Fund program. The housing choice voucher fund accounts for the Section 8 Housing Choice Voucher program. The management fee fund accounts for management fees collected.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS 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 measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF MINDEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. INVESTMENTS Investments are limited to L.S.-R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

F. SHORT – TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

G. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year end, the amount of inventory is recorded for external financial reporting.

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

HOUSING AUTHORITY OF MINDEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

I. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$300. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	40 years
Building improvements	15 years
Furniture and equipment	5 years
Computers	3 years

J. DEFERRED REVENUES The Housing Authority reports deferred revenues on its balance sheet. Deferred 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 deferred revenue is removed from the balance sheet and the revenue is recognized.

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 received 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. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net asset 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 net assets are available.

M. INTERFUND ACTIVITY Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. Generally, these receivables and payables are eliminated at the primary level in the balance sheet. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses.

Reimbursements are when one fund incurs cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

HOUSING AUTHORITY OF MINDEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

N. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at June 30, 2009. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority’s policy does not address interest rate risk.

Credit Rate Risk: GASB 40 disclosure of credit rate risk does not apply, since the Authority’s only investments are certificates of deposit.

Custodial Credit Risk: The Authority’s policy requires the financial institution to cover the first \$250,000 of deposits with FDIC coverage. Any excess deposits must be collateralized with securities held by the pledging financial institution, with a fair market value that equals or exceeds the amount of excess deposits.

Restricted Cash: Cash of \$106,246 has been restricted for Housing Assistance Payments equity.

At June 30, 2009, the Housing Authority’s carrying amount of deposits was \$934,366 and the bank balance was \$1,015,133, which includes \$280,834 in certificates of deposits classified as investments. Of the bank balance, \$338,139 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the Housing Authority’s name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Investments during the year were solely in time deposits at banks.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at June 30, 2009, are as follows:

<u>Class of Receivables</u>	<u>General</u>	<u>Total</u>
Local sources:		
Tenants	\$ 2,255	\$ 2,255
Federal sources:		
Grants	319,920	319,920
Total	\$ 322,175	\$ 322,175

The tenants account receivable is net of an allowance for doubtful accounts of \$10,369.

HOUSING AUTHORITY OF MINDEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 – CAPITAL ASSETS The changes in capital assets are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land and buildings	\$ 155,540	\$ 0	\$ 0	\$ 155,540
Construction in progress	262,318	392,690	0	655,008
Depreciable assets:				
Exhaustible capital assets				
Buildings	12,253,190	27,255	0	12,280,445
Furniture and equipment	801,136	48,308	40,430	809,014
Total	13,472,184	468,253	40,430	13,900,007
Less: accumulated depreciation				
Buildings	8,277,842	312,308	0	8,590,150
Furniture and equipment	615,955	46,033	31,245	630,743
Total	8,893,797	358,341	31,245	9,220,893
Capital assets, net	\$ 4,578,387	\$ 109,912	\$ 9,185	\$ 4,679,114

NOTE 5 – INTERFUND RECEIVABLES / PAYABLES Interfund receivables / payables at June 30, 2009 are as follows:

The Housing Choice Voucher and Management Fee funds owed \$19,834 and \$3,634, respectively, to the General Fund, for various expenses paid, but not reimbursed until after year-end.

NOTE 6 – ACCOUNTS PAYABLE The payables at June 30, 2009 are as follows:

	General	Housing Choice Voucher Fund	Total
Vendors	\$ 18,021	\$ 1,299	\$ 19,320
Payroll taxes & Retirement withheld	5,016	283	5,299
Total	\$ 23,037	\$ 1,582	\$ 24,619

HOUSING AUTHORITY OF MINDEN
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 7 – COMPENSATED ABSENCES At June 30, 2009, employees of the Housing Authority have accumulated and vested \$53,672 of employee leave computed in accordance with GASB, Codification Section C60.

NOTE 8 – LONG – TERM OBLIGATIONS The following is a summary of the long – term obligation transactions for the year ended June 30, 2009.

		Compensated Absences
Balance, beginning	\$	43,875
Additions		42,799
Deductions		(33,002)
Balance, ending		53,672
Amounts due in one year	\$	16,902

NOTE 9 – RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan, 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 Housing Authority provides pension benefits for all of its full-time employees. All 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.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5% of his effective compensation, and may make additional contributions. The employer is required to make monthly contributions equal to 5% of each participant’s effective compensation.

The Housing Authority’s contribution for each employee and income allocated to the employee’s account is fully vested after five years of continuous service. The Housing Authority’s contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority’s Joinder Agreement with the Housing Renewal and Local Agency Retirement Plan may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority made the required contributions of \$42,521 for the year ended June 30, 2009, of which \$21,261 was paid by the Housing Authority and \$21,260 was paid by employees. No payments were made out of the forfeiture account.

HOUSING AUTHORITY OF MINDEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Commitments

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 June 30, 2009. 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.

This includes coverage of property, general liability, public liability, 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 it s 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.

NOTE 11 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$1,438,202 to the Housing Authority, which represents approximately 75% of the Housing Authority's total revenue and capital contributions for the year.

NOTE 12 – PRIOR PERIOD ADJUSTMENT An error was made in accounting in the prior year, of \$195,005. The prior year Low Rent subsidy, part of the General Fund, was understated by \$195,005. Total net assets, beginning, are adjusted from \$5,739,082 to \$5,934,087. The prior year loss from operations was reported as \$319,371. The revised loss is \$124,366.

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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*

To the Housing Authority of Minden
Minden, Louisiana

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Housing Authority of Minden, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Housing Authority of Minden, Louisiana's basic financial statements and have issued our report thereon dated December 7, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of Minden, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures 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 Minden, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Minden, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of Minden, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of Minden, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of Minden, Louisiana's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Audit Finding 9-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of Minden, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above as Audit Finding 09-01 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of Minden, Louisiana's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as Audit Finding 09-01.

We noted certain matters that we reported to management of the Housing Authority in a separate letter dated December 7, 2009.

The Housing Authority of Minden, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of Minden, Louisiana's response and, accordingly, we express no opinion on it.

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

Mike Estes, P.C.
Fort Worth, Texas
December 7, 2009

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Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Housing Authority of Minden
Minden, Louisiana

Compliance

We have audited the compliance of the Housing Authority of Minden, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Housing Authority of Minden, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Minden, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of Minden, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Minden, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of Minden, Louisiana's compliance with those requirements.

In our opinion, the Housing Authority of Minden, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Housing Authority of Minden, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of Minden, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Minden, Louisiana's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Mike Estes, P.C.
Fort Worth; Texas
December 7, 2009

HOUSING AUTHORITY OF MINDEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 676,359
Housing Choice Voucher	14.871	440,795
Public Housing Capital Fund	14.872	295,174
American Recovery and Reinvestment Act	14.884	25,874
Total United States Department of Housing and Urban Development		\$ 1,438,202
Total Expenditures of Federal Awards		\$ 1,438,202

HOUSING AUTHORITY OF MINDEN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

NOTE 1 – GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of Minden, Louisiana (the “Housing Authority”). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority’s basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority’s basic financial statements as follows:

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

	<u>Federal Sources</u>
Federal Grants	\$ 1,122,371
Capital contributions	315,831
	<hr/>
Total	\$ 1,438,202
	<hr/> <hr/>

HOUSING AUTHORITY OF MINDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2009

Section I – Summary of the Auditor’s Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There was one significant deficiency required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States. The deficiency is considered a material weakness.
- iii. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards* to the financial statements.

Audit of Federal Awards

- iv. There were no significant deficiencies required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:
 - CFDA# 14.872 Capital Fund
 - CFDA#14.884 American Recovery and Reinvestment Act
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was 300,000.
- ix. The auditee qualifies as a low-risk auditee under OMB Circular No. A-133, Section .530.

HOUSING AUTHORITY OF MINDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2009

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

This is our first year to audit the Authority. This Authority has a capable, conscientious fee accountant. The fee accountant's nearby location and accessibility is a unique asset to this Authority.

All Programs

Finding 09 – 01 – Unaudited Financial Statements Materially Misstated

Statement of Condition

HUD requires the books of records of public housing authorities to be kept in accordance with generally accepted accounting principles (GAAP), in all material respects.

Material audit adjustments were necessary to correct the books. In addition, material prior year adjustments were necessary.

Criteria

The July 2007 Revision (and earlier versions) of Government Auditing Standards state that generally accepted government auditing standards incorporate AICPA auditing standards.

Under Statement on Auditing Standards (SAS) #112, effective for years ended 12/31/06 and after, material audit adjustments and material prior period adjustments are both evidence of a weakness in the internal control over reporting (Section 19).

In addition, the Government Accountability Office (GAO) adopted the SAS #112 internal control terminology in January 2007. In June 2007, the OMB revised Circular A-133 to adopt SAS #112 internal control terminology.

Effect

Accounts receivable – HUD for operating subsidy was understated by \$294,046. Current year income was understated by \$99,041. The prior period adjustment composed the difference of \$195,005.

Cause

We do not know the exact reason.

HOUSING AUTHORITY OF MINDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2009

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Recommendation

Use of the award letters are necessary to correctly calculate the subsidy. The Authority should use these in the future. Calculations should be double checked.

09 – 01 – Corrective Action Plan Response

I am Reese Hood, Executive Director and Designated Person to answer this finding. We will do as the auditor suggests.

HOUSING AUTHORITY OF MINDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2009

Section III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

Capital Funding and ARRA Grant

Audit Finding 09-01 in Part II does not apply here. No material audit adjustments or prior year adjustments were necessary for Capital Funding or the ARRA Grant.

HOUSING AUTHORITY OF MINDEN
SCHEDULE OF OTHER AUDIT FINDINGS

YEAR ENDED JUNE 30, 2009

The following audit findings are noted for a non-major program. These findings were made in the prior audit. In the prior year, the Housing Choice Voucher Program was a major program, as determined by criteria of OMB Circular No. A-133.

Section Eight Housing Choice Voucher Program

Finding 09-02 – Rent Reasonableness Determination

Statement of Condition

The Authority must perform rent reasonableness determinations, as outlined by 24 CFR 982.507. The Authority began updating its data base, required to perform rent reasonableness, during the current audit year. But, it was not completed until after year-end.

Criteria

According to 24 CFR 982.507, the Housing Authority must determine if the initial rent to owner is a reasonable rent before the lease is approved under the Section 8 Housing Choice Voucher program. In addition, if the landlord requests a change in rent during the year, the Housing Authority must also determine if the new rent change is considered reasonable. In order to determine reasonable rent, the unit must be compared to rent for other comparable unassisted units based on locations, quality, size, unit type, etc. The industry practice is to compare the unit to at least three unassisted units that fall under the same criteria and amenities; and the rent comparability should not be older than 24 months.

Effect

The Authority may not meet all federal requirements regarding rent reasonableness. Rent reasonableness tests were performed, but not with an updated data base until June, 2009.

Cause

The Authority did not have procedures in place or the required data to properly perform rent reasonableness, until June, 2009.

Recommendation

The Authority should continue to keep its data base updated.

09-03 Utility Allowances

Statement of Condition

The Authority did not complete the annual review of its utility allowances in the audit year.

Criteria

The Authority is required to obtain sufficient information on an annual basis, and determine whether utility allowances should be revised. The requirements are outlined in 24 CFR 982.517.

HOUSING AUTHORITY OF MINDEN
SCHEDULE OF OTHER AUDIT FINDINGS

YEAR ENDED JUNE 30, 2009

Cause

The Authority contracted with an agent to review the utility allowances. But the study was not completed until June 2009.

Effect

The Authority did not meet all federal requirements regarding the utility allowance.

Recommendation

The Authority reviewed the study and revised its rates after June 30, 2009. The Authority is required to review the rates annually, and revise if necessary.

09-03 – Corrective Action Plan – Response

We will comply with the above recommendation.

HOUSING AUTHORITY OF MINDEN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2009

The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:

Entity Wide

Finding 08-01 – Controls Over Capital Assets

Condition

The prior auditor noted, among other related items, that the Authority did not tag all capital assets. In addition, the prior auditor noted one instance where the Authority did not have an approved purchase order, as required by the Authority's purchasing policy.

Recommendation

The prior auditor recommended that the above and related items be corrected.

Current Status

This finding is not repeated in this audit. The prior auditor's recommendations were followed.

Public Housing and Housing Choice Voucher Program

Finding 08-02 – HUD Report 60002

Condition

The prior auditor noted that HUD requires all Authorities that have federal grants that are involved in development, operating, or modernization assistance to submit HUD 60002 relating to Section 3 economic opportunities for low and very low income persons. The Authority did not do so.

Recommendation

The prior auditor recommended that all employees over federal programs be well trained with federal reporting requirements.

Current Status

The finding is not repeated in this audit. Form 60002 was timely filed.

Housing Choice Voucher Program

Finding 08-03 – Rent Reasonableness Determination

This is repeated as Current Audit Finding 09-02.

HOUSING AUTHORITY OF MINDEN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2009

The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:

Housing Choice Voucher Program

Finding 08-04 – Utility Allowance

Condition

This is repeated as Audit Finding 09-03.

SEE MANAGEMENT LETTER ON NEXT PAGE

HOUSING AUTHORITY OF MINDEN
SCHEDULE OF MANAGEMENT LETTER ITEMS

YEAR ENDED JUNE 30, 2009

To Management and the Board of Commissioners:

In planning and performing our audit of the financial statements of the Housing Authority of Minden for the year ended June 30, 2009, we considered the Authority's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum contained in this letter summarizes our comments and suggestions regarding those matters. (We have also reported on the Authority's internal control in our report dated December 7, 2009.) This letter does not affect our report dated December 7, 2009 on the financial statements of the Housing Authority of Minden.

The status of these comments will be reviewed during the next audit engagement. We have already discussed these comments and suggestions with various authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

Our recommendations are as follows:

09-M1 – Quality Control Documentation

Comment

Statement on Auditing Standards (SAS) #112 require quality control checks be performed and documented over critical processes that impact financial statement assertions and/or compliance with federal laws, regulations or contracts. The Authority is presently performing these functions over the Low Rent program for selection from the waiting list, eligibility, admissions, interims and recertifications. The documentation of those checks is adequate. But we have suggested ways the Authority can improve its documentation of these quality control checks.

Managements Response

We will follow the auditor's recommendations on this. We improved our checklist before the auditor finished the field work on this audit.

HOUSING AUTHORITY OF MINDEN
SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER ITEMS

YEAR ENDED JUNE 30, 2009

Prior year management letter comments were as follows:

08- MI

The Housing Authority did not file the audit report with the Legislative Auditor within six months of year end. The Authority believes this was beyond their control, due the changes made by HUD.

Current Status

This report was timely filed for the current audit year.

08-M2

Recommendations were made regarding the classification and reporting of immaterial payroll amounts.

Current Status

The prior auditor's recommendations were followed in the current audit year.

08-M3- Management Assessment Subsystem (MASS) Submission

Recommendations were made regarding documentation for critical information.

Current Status

Management is now keeping the proper documentation. In the prior year, the Authority had a problem with the software used to compile the information.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF MINDEN
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED JUNE 30, 2009

CASH BASIS

		2007	
		Capital Fund	
Funds approved	\$	371,170	
Funds expended		<u>371,170</u>	
Excess of funds approved	\$	<u>0</u>	
Funds advanced	\$	371,170	
Funds expended		<u>371,170</u>	
Excess of funds advanced	\$	<u>0</u>	

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statement of Modernization Costs dated February 5, 2009 accompanying the Actual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

See accountants' report

HOUSING AUTHORITY OF MINDEN
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED JUNE 30, 2009

CASH BASIS

	2007 Capital Fund		2008 Capital		2009 Capital Fund
Funds approved	371,170	\$	363,390	\$	459,980
Funds expended	340,543		230,488		25,874
Excess of funds approved	<u>30,627</u>	\$	<u>132,902</u>	\$	<u>434,106</u>
Funds advanced	371,170	\$	205,078	\$	0
Funds expended	340,543		230,488		25,873
Excess (deficiency) of funds advanced	<u>30,627</u>	\$	<u>(25,410)</u>	\$	<u>(25,873)</u>

See accountants' report

HOUSING AUTHORITY OF MINDEN
COMPENSATION PAID BOARD MEMBERS

YEAR ENDED JUNE 30, 2009

The members of the Board of Commissioners are as follows:

Larry Johnson, Chairman	\$ 2,700
Dr. Gary Daniel, Vice Chairman	3,300
Truvesta Johnson	3,600
Eugene Martin	3,600
Angela Willis	<u>3,600</u>
	<u>\$ 16,800</u>