

**HOUSING AUTHORITY  
OF  
TOWN OF ARCADIA, LOUISIANA**

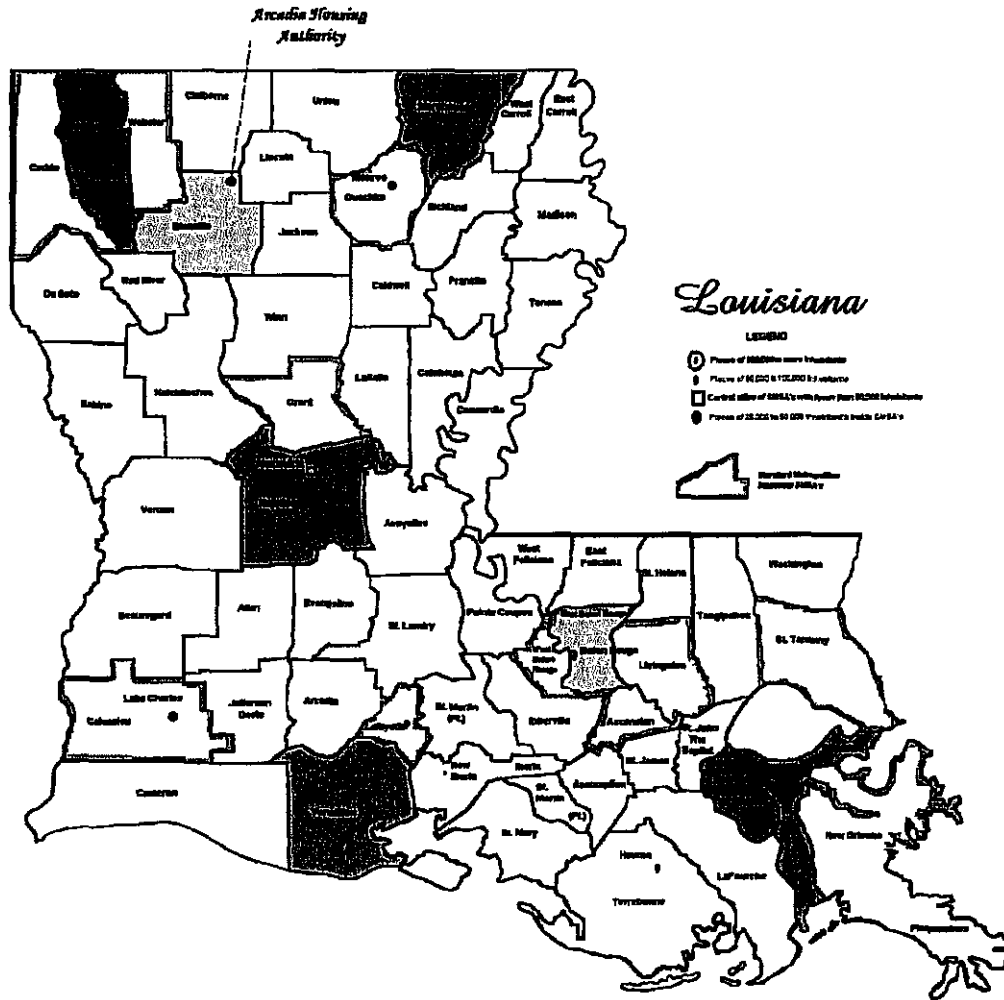
**Financial Statements and  
Supplemental Financial Information**

**June 30, 2005**

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 2-8-06

# HOUSING AUTHORITY OF THE TOWN OF ARCADIA ARCADIA, LOUISIANA



\* The Arcadia 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. Accordingly, HUD has entered into a contract with the Arcadia Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**Housing Authority of the Town of Arcadia  
Arcadia, Louisiana**

**Table of Contents  
June 30, 2005**

	<u>Page No.</u>
Independent Auditor's Report -----	1-2
Management's Discussion and Analysis-----	3-5
<u>Basic Financial Statements</u>	
Statement of Fund Net Assets-----	7
Statement of Revenues, Expenses, and Changes In Fund Net Assets -----	8
Statement of Cash Flows-----	9
Notes to the Basic Financial Statements-----	10-15
<u>Other Supplemental Statements and Schedules</u>	
Schedule of Compensation Paid to Board Members-----	17
Statement and Certification of Actual Modernization Cost-----	18
<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> -----	20-21
Schedule of Findings and Questioned Cost-----	22-23
Management's Summary of Prior Year Findings-----	24
Management Letter Comments-----	25
Financial Data Schedule-----	26-27

**JOHN R. VERCHER PC**  
***Certified Public Accountant***

P.O. Box 1608  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374

**INDEPENDENT AUDITOR'S REPORT**

Housing Authority of the  
Town of Arcadia  
Arcadia, Louisiana

I have audited the accompanying financial statements of the major fund of the Housing Authority of the Town of Arcadia, Louisiana as of and for the year ended June 30, 2005, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority of the Town of Arcadia, Louisiana's, management. My responsibility is to express opinions on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Housing Authority of the Town of Arcadia, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, 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*, I have also issued my report dated November 15, 2005, on my consideration of the Housing Authority of the Town of Arcadia, Louisiana's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 my audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the Town of Arcadia, Louisiana, basic financial statements. The financial data schedule (FDS) and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The financial data schedule (FDS) and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*John R. Vercher*

Jena, Louisiana  
November 15, 2005

**Housing Authority of the Town of Arcadia  
Management's Discussion and Analysis  
June 30, 2005**

As management of the Arcadia Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities to consider the information presented here in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,796,080 (net assets).
- As of the close of the current fiscal year, the Authority's ending unrestricted net assets increased \$128,105.
- The Authority's cash balance at June 30, 2005 was \$170,542.
- The Authority had total revenue of \$634,776, while expenses totaled \$507,044.
- The Authority's capital outlay for the year was \$180,653.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction of the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of Revenues, Expenses and changes in Net Assets, Statement of Cash Flows, and the notes to the financial statements. This report also contains the schedule of expenditures of federal awards as supplemental information in addition to the basic financial statements themselves.

The Authority's has only one fund type, namely a proprietary fund. The statement of Net Assets included all of the Authority's assets and liabilities. This fund type is used for activities which are financial and operated in a manner similar to those in the private sector.

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and Capital Fund Programs. The Low Rent Program consists of 120 units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received from the Department of Housing and 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.

The Authority's overall financial position and operations for the year is summarized below based on the information in the current financial statements. The table below lists the assets and liabilities as of June 30, 2004 and June 30, 2005.

**Statement of Net Assets**

<b>Assets:</b>	<b>FYE 2004</b>	<b>FYE 2005</b>	<b>% Change</b>
Current Assets and other Assets	\$ 522,491	\$ 593,442	14%
Capital assets, net	3,187,667	3,241,854	2%
<b>Total Assets</b>	<b>3,710,158</b>	<b>3,835,296</b>	<b>3%</b>
<b>Liabilities:</b>			
Current Liabilities	32,279	28,782	-11%
Non-Current Liabilities	9,530	10,434	9%
<b>Total Liabilities</b>	<b>41,809</b>	<b>39,216</b>	<b>-6%</b>
<b>Net Assets</b>			
Invested in capital assets	3,187,667	3,241,854	2%
Unrestricted	480,682	554,226	15%
<b>Total Net Assets</b>	<b>\$ 3,668,349</b>	<b>\$ 3,796,080</b>	<b>3%</b>

**Cash and Investments**

Cash decreased by \$653,347 as of June 30, 2005. The primary source of the decrease is due to the net CFP and storm damage expenditures for the current year.

**Housing Authority of the Town of Arcadia  
Management's Discussion and Analysis - Continued  
June 30, 2005**

**Net Assets**

The Authority's unrestricted net assets increased by \$54,561.

**Statement of Revenues, Expenses, and Changes in Net Assets**

	<u>FYE 2004</u>	<u>FYE 2005</u>	<u>% Change</u>
Tenant Revenue	\$ 158,770	\$ 161,619	2%
HUD Operating Grants	173,602	167,824	-3%
Capital Grants	521,222	287,320	-45%
Interest	4,339	3,551	-18%
Other	109,141	14,462	-87%
<b>Total Revenues:</b>	<u>967,074</u>	<u>634,776</u>	-34%
<b>Expenses:</b>			
Administration	147,981	151,156	2%
Depreciation	126,693	155,889	23%
Operation and Maintenance	124,446	124,888	.3%
Taxes and Insurance	55,081	56,418	2%
Utilities	11,048	14,104	28%
Tenants	-0-	4,589	100%
<b>Total Operating Expenses</b>	<u>\$ 465,249</u>	<u>\$ 507,044</u>	9%
Prior Period Adjustments	-0-	-0-	0%
<b>Changes in Net Assets</b>	<i>501,825</i>	<i>127,732</i>	-75%
Beginning net assets	<u>3,166,896</u>	<u>3,668,348</u>	16%
Ending net assets	<u>3,668,721</u>	<u>3,796,080</u>	3%

**Results of Operations**

Revenues of the Authority are generated principally from dwelling rent and HUD Operating subsidies. The Authority's revenues decreased by \$96,777. Expenses increased by \$90,273.

**Capital Asset and Debt Administration**

**Capital Assets**

As of June 30, 2005 the Authority's investment in capital assets was \$3,241,854 (net of accumulated depreciation). This investment includes land, building improvements, dwelling equipment and maintenance equipment.

Major capital asset activities during the current fiscal year include the following:

1. *Building Improvement consisting of nondwelling structure for community building.*

**Long Term Debt**

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

**Housing Authority of the Town of Arcadia  
Management's Discussion and Analysis - Continued  
June 30, 2005**

---

**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 FYE 2005. Therefore, any results of budget shortfalls cannot be determined.

**Contacting the Authority's Finance 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 the Town of Arcadia  
PO Box 210  
Arcadia, LA 71001



---

**Basic Financial Statements**

**Housing Authority of the Town of Arcadia  
Arcadia, Louisiana  
Statement of Fund Net Assets  
June 30, 2005**

<b>ASSETS</b>	<b><u>ENTERPRISE FUND</u></b>
<b>CURRENT ASSETS:</b>	
Cash & Cash Equivalents	\$ 566,010
Receivables (Net of Allowances For Uncollectables)	-0-
Prepaid Items	<u>27,432</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>593,442</u></b>
<b>NON-CURRENT ASSETS:</b>	
Capital Assets (Net of Accumulated Depreciation)	<u>3,241,854</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<b><u>3,241,854</u></b>
<b>TOTAL ASSETS</b>	<b><u>3,835,296</u></b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accrued Pilot	14,634
Accounts Payable	1,137
Accrued Compensated Absences	3,984
Deferred Revenues	<u>122</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>19,877</u></b>
<b>NON-CURRENT LIABILITIES</b>	
Tenant Security Deposits	8,905
Accrued Compensated Absences	<u>10,434</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b><u>19,339</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>39,216</u></b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	3,241,854
Unrestricted	<u>554,226</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 3,796,080</u></b>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Arcadia  
Arcadia, Louisiana  
Statement of Revenues, Expenses, and Changes In Fund Net Assets  
Year Ended June 30, 2005**

	<b>ENTERPRISE FUND</b>
<b>OPERATING REVENUES:</b>	
Tenant Rental Revenue	\$ 161,619
Tenant Revenue Other	14,462
<b>TOTAL OPERATING REVENUE</b>	<b>176,081</b>
 <b>OPERATING EXPENSES</b>	
<i>Administration:</i>	
Administrative Salaries	77,135
EBC Administrative	20,275
Compensated Absences	984
Audit Fees	9,640
Other Operating - Administrative	43,122
<i>Cost of Sales &amp; Service:</i>	
EBC-Tenant Services	4,589
Water	645
Electricity	11,594
Gas	1,865
Ordinary Maintenance – Labor	53,685
Materials	29,969
Contract Cost	25,621
EBC Maintenance	15,613
Insurance	41,024
Payment in Lieu of Taxes	14,637
Bad Debt-Tenant's Rent	757
<i>Depreciation</i>	155,889
<b>TOTAL OPERATING EXPENSES</b>	<b>507,044</b>
 <b>OPERATING INCOME (LOSS)</b>	<b>(330,963)</b>
 <b>NONOPERATING REVENUE (EXPENSE)</b>	
HUD PHA Operating Grant	390,753
Federal Grants	64,391
Interest Earnings	3,551
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>458,695</b>
 <b>CHANGE IN NET ASSETS</b>	<b>127,732</b>
 <b>TOTAL NET ASSETS – BEGINNING</b>	<b>3,668,348</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 3,796,080</b>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Arcadia  
Arcadia, Louisiana  
Statement of Cash Flows  
Year Ended June 30, 2005**

	<b>ENTERPRISE FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts From Customers and Users	\$ 182,511
Payments to Suppliers	(225,947)
Payments to Employees	(130,820)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(174,256)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Subsidy From Federal Grants	455,144
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>455,144</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Other	-0-
Acquisition and Construction of Capital Assets	(210,076)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(210,076)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and Dividends Received	3,550
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>3,550</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	74,362
<b>CASH, BEGINNING OF YEAR</b>	491,648
<b>CASH, END OF YEAR</b>	<u>566,010</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	<u>(330,963)</u>
Depreciation Expense	155,889
(Increase) Decrease in Prepaid Items	(2,957)
(Increase) Decrease in Accounts Receivable	6,368
Increase (Decrease) in Accrued Liabilities	(331)
Increase (Decrease) in Customer Deposits	62
Increase (Decrease) in Accounts Payable	(2,324)
<b>TOTAL ADJUSTMENTS</b>	<u>156,707</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(174,256)</u>
<b>LISTING OF NONCASH INVESTING, CAPITAL, AND FINANCIAL ACTIVITIES</b>	
Contributions of Capital Assets From Government	<u>\$ -0-</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Arcadia  
Arcadia, Louisiana**

**Notes to the Basic Financial Statements**

**INTRODUCTION**

The Housing Authority of the Town of Arcadia is a 120 unit apartment complex for persons of low income located in Arcadia, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Arcadia, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Arcadia, Louisiana. Each member serves a four-year term. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

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. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Arcadia because the Town of Arcadia appoints a voting majority of the Housing Authority's governing board. The Town of Arcadia 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 Town of Arcadia. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Arcadia.

**1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The Housing Authority uses enterprise funds to account for its activities.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and 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.

**Housing Authority of  
the Town of Arcadia  
Arcadia, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

The Housing Authority reports the following major proprietary funds:

The Low Rent Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The Housing Authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the government-wide 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 nonoperating 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.

**C. Deposits and 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.

**D. Receivables and 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 assets. All trade and other receivables are shown net of an allowance for uncollectives.

**Housing Authority of  
the Town of Arcadia  
Arcadia, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

**E. Inventories and 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 both government-wide and fund financial statements.

**F. Capital Assets**

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the government-wide 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.

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 & Fixtures	5 years
Vehicles	5 years
Equipment	5 years

**G. Long-Term Obligations**

In the government-wide 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.

**H. Extraordinary and 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.

**I. 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 Town of Arcadia  
Arcadia, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

**J. 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.

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

At June 30, 2005, the housing authority has cash and investments (book balances) totaling \$566,010 as follows:

Demand deposits	\$	170,542
Time deposits		395,468
<b>Total</b>	<b>\$</b>	<b><u>566,010</u></b>

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.

At June 30, 2005, the housing authority has \$567,410 in deposits (collected bank balances). These deposits are secured from risk by \$156,807 of federal deposit insurance and \$445,446 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the housing authority or its agent in the housing authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the housing authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the housing authority's name.

At fiscal year-end, the housing authority's investment balances were as follows:

Demand Deposits	\$	171,825
Money Market Security		100,835
Certificate of Deposit		160,695
Certificate of Deposit		18,337
Certificate of Deposit		76,053
Certificate of Deposit		39,665
<b>Total</b>	<b>\$</b>	<b><u>567,410</u></b>

Type of Investment	Category			Fair Market Value
	1	2	3	
FDIC	\$ 239,665	\$ -0-	\$ -0-	\$ 239,665
FHLMC Notes	-0-	445,446	-0-	445,446
<b>Total</b>	<b>\$ 239,665</b>	<b>\$ 445,446</b>	<b>\$ -0-</b>	<b>\$ 685,111</b>



**Housing Authority of  
the Town of Arcadia  
Arcadia, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

**3. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land (Not Depreciated)	\$ 38,695	\$ -0-	\$ -0-	\$ 38,695
Leasehold Improvements	238,931	33,875	-0-	272,806
Buildings	4,197,945	553,119	-0-	4,751,064
Furniture & Equipment, Etc.	78,410	28,479	-0-	106,889
Construction in Progress	595,377	64,391	(479,488)	180,280
<b>Total</b>	<u>5,149,358</u>	<u>679,864</u>	<u>(479,488)</u>	<u>5,349,734</u>
Less Accumulated Depreciation	<u>(1,951,991)</u>	<u>(155,889)</u>	<u>-0-</u>	<u>(2,107,880)</u>
Net Capital Assets	<u>\$ 3,197,367</u>	<u>\$ 523,975</u>	<u>\$ (479,488)</u>	<u>\$ 3,241,854</u>

Depreciation expense of \$155,889 for the year ended June 30, 2005 was charged to the following functions:

<i>Buildings</i>	\$ 143,221
Leasehold Improvements	4,810
Furniture & Equipment	<u>7,858</u>
<b>Total Depreciation Expense</b>	<u>\$ 155,889</u>

Land in the amount of \$38,695 is not depreciated.

**4. ACCOUNTS, SALARIES AND OTHER PAYABLES**

The payables of \$19,755 at June 30, 2005 are as follows:

Accounts Payable	\$ 1,137
Accrued Compensated Absences	3,984
Accrued Pilot	<u>14,634</u>
<b>Total</b>	<u>\$ 19,755</u>

**5. RETIREMENT SYSTEMS**

The housing authority provides benefits for all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The entity contributes 8% of the employee's effective compensation. The housing authority's contributions for each employee (and interest allocated to the employee account) vest at 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The housing authority's total payroll for the fiscal year ending June 30, 2005 was \$130,820. The housing authority's contributions were calculated using the base salary amount of \$130,820. Contributions to the plan were \$10,466 for the year ended June 30, 2005, of which \$10,466 was paid by the housing authority and \$-0- was paid by employees.

**Housing Authority of  
the Town of Arcadia  
Arcadia, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

**6. CONTINGENT LIABILITIES**

At June 30, 2005, 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.

**7. NEW FINANCIAL REPORTING MODEL**

The accompanying basic financial statements of the Housing Authority have been prepared in conformity with Governmental Accounting Standards Board Statement No. 34. The statement, referred to above as the new reporting model, contains two significant changes; Management's Discussion & Analysis (MD&A) and Government Wide Financial Statements (GWFS). The most apparent modification to the format of the old reporting model that is being carried forward will be the display of major funds in the fund financial statements (FFS), rather than the traditional fund-type display.

**8. COMPENSATED ABSENCES**

The housing authority has the following policy relating to vacation and sick leave:

The Authority follows the civil service guidelines for vacation and sick leave. Employee's time is accumulated in accordance to hours worked per month. At year-end, time not used is accumulated.

At June 30, 2005, employees of the PHA have accumulated and vested \$14,418 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at June 30, 2005 was \$3,984 recorded as current obligation and \$10,434 recorded as non-current obligation.

**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 \$455,144 to the housing authority, which represents approximately 72% of the housing authority's revenue for the year.

**Other Supplemental Statements  
and Schedules**

**Housing Authority of the Town of Arcadia  
Arcadia, Louisiana  
Schedule of Compensation Paid to Board Members  
Year Ended June 30, 2005**

<u>Board Member</u>	<u>Title</u>	<u>Compensation</u>
Bonnie Critton	Chairman	\$ 150
Eula Murphy	Commissioner	100
Frank Hill	Commissioner	100
Mack Weaver	Commissioner	100
Travis Stewart	Commissioner	100

\* Commissioners receive compensation for each meeting when present.

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

	<u>Project 2003-501</u>	<u>Project 2003-502</u>	<u>Project 2004-501</u>	<u>Total</u>
<b>The Actual Modernization Costs Are As Follows:</b>				
Funds Approved	\$ 192,495	\$ 38,363	\$ 222,929	\$ 453,787
Funds Expended	<u>(188,741)</u>	<u>(38,363)</u>	<u>(222,929)</u>	<u>(450,033)</u>
Excess of Funds Approved	<u>3,754</u>	<u>-0-</u>	<u>-0-</u>	<u>3,754</u>
2. Funds Advanced	192,495	38,363	222,929	453,787
Funds Expended	<u>(188,741)</u>	<u>(38,363)</u>	<u>(222,929)</u>	<u>(450,033)</u>
Excess of Funds Advanced	<u>\$ 3,754</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,754</u>

The accompanying notes are an integral part of this statement.

**Other Reports**

**JOHN R. VERCHER PC**  
***Certified Public Accountant***

P.O. Box 1608  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Housing Authority of the  
Town of Arcadia  
Arcadia, Louisiana

I have audited the accompanying financial statements of the major fund of the Housing Authority of the Town of Arcadia, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Housing Authority's basic financial statements and have issued my report thereon dated November 15, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Compliance***

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

***Internal Control Over Financial Reporting***

In planning and performing my audit, I considered the Housing Authority of the Town of Arcadia, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of 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 matter of public record and its distribution is not limited.

*John R. Vercher*

November 15, 2005  
Jena, Louisiana



**HOUSING AUTHORITY OF THE TOWN OF ARCADIA  
ARCADIA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2005**

I have audited the basic financial statements which collectively comprise the Housing Authority of the Town of Arcadia, Louisiana, as of and for the year ended June 30, 2005 and have issued my report thereon dated November 15 2005. I conducted my 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. My audit of the basic financial statements as of June 30, 2005 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

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

*Internal Control*

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

*Compliance*

Compliance Material to Basic Financial Statements  Yes  No

**b. Federal Awards – (Not Applicable)**

*Internal Control*

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

Type of Opinion On Compliance  Unqualified  Qualified  
For Major Programs  Disclaimer  Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

Yes  No

**c. Identification Of Major Programs:**

---

<b>CFDA Number (s)</b>	<b>Name Of Federal Program (or Cluster)</b>
------------------------	---

---

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

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?  Yes  No

**HOUSING AUTHORITY OF THE TOWN OF ARCADIA  
ARCADIA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2005**

**Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS**

No items to report.

**Section III – Internal Control**

*No items to report.*

**Section IV Federal Awards Findings and Questioned Costs.**

Not applicable.

**HOUSING AUTHORITY OF THE TOWN OF ARCADIA  
ARCADIA, 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 Town of Arcadia, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2004.

**Prior Year Findings**

**2004-I-1 Segregation of Duties (Unresolved)**

*Finding:* The entity made no corrective action due to the restrictions mentioned in the finding.

*Entity's Corrective Action:* No corrective action is planned. Due to the size of the entity and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of functions.

**JOHN R. VERCHER PC**  
***Certified Public Accountant***

P.O. Box 1608  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374

**MANAGEMENT LETTER COMMENTS**

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

There are no current year comments.

PHA: LA045 FYED: 06/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$170,542	\$0	\$0	\$170,542
100	Total Cash	\$170,542	\$0	\$0	\$170,542
126	Accounts Receivable - Tenants - Dwelling Rents	\$1	\$0	\$0	\$1
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-1	\$0	\$0	\$-1
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$0	\$0
131	Investments - Unrestricted	\$395,468	\$0	\$0	\$395,468
142	Prepaid Expenses and Other Assets	\$27,432	\$0	\$0	\$27,432
150	Total Current Assets	\$593,442	\$0	\$0	\$593,442
161	Land	\$38,695	\$0	\$0	\$38,695
162	Buildings	\$4,751,065	\$0	\$0	\$4,751,065
163	Furniture, Equipment & Machinery - Dwellings	\$23,000	\$0	\$0	\$23,000
164	Furniture, Equipment & Machinery - Administration	\$83,888	\$0	\$0	\$83,888
165	Leasehold Improvements	\$272,806	\$0	\$0	\$272,806
166	Accumulated Depreciation	\$-2,107,880	\$0	\$0	\$-2,107,880
167	Construction In Progress	\$0	\$0	\$180,280	\$180,280
160	Total Fixed Assets, Net of Accumulated Depreciation	\$3,061,574	\$0	\$180,280	\$3,241,854
180	Total Non-Current Assets	\$3,061,574	\$0	\$180,280	\$3,241,854
190	Total Assets	\$3,655,016	\$0	\$180,280	\$3,835,296

PHA: LA045 FYED: 06/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$420	\$0	\$0	\$420
321	Accrued Wage/Payroll Taxes Payable	\$717	\$0	\$0	\$717
322	Accrued Compensated Absences - Current Portion	\$3,984	\$0	\$0	\$3,984
333	Accounts Payable - Other Government	\$14,634	\$0	\$0	\$14,634
341	Tenant Security Deposits	\$8,905	\$0	\$0	\$8,905
342	Deferred Revenues	\$122	\$0	\$0	\$122
310	Total Current Liabilities	\$28,782	\$0	\$0	\$28,782
354	Accrued Compensated Absences - Non Current	\$10,434	\$0	\$0	\$10,434
350	Total Noncurrent Liabilities	\$10,434	\$0	\$0	\$10,434
300	Total Liabilities	\$39,216	\$0	\$0	\$39,216
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$3,061,574	\$0	\$180,280	\$3,241,854
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$554,226	\$0	\$0	\$554,226
513	Total Equity/Net Assets	\$3,615,800	\$0	\$180,280	\$3,796,080
600	Total Liabilities and Equity/Net Assets	\$3,655,016	\$0	\$180,280	\$3,835,296

PHA: LA045 FYED: 06/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$161,619	\$0	\$0	\$161,619
704	Tenant Revenue - Other	\$14,462	\$0	\$0	\$14,462
705	Total Tenant Revenue	\$176,081	\$0	\$0	\$176,081
706	HUD PHA Operating Grants	\$167,824	\$0	\$222,929	\$390,753
706.1	Capital Grants	\$0	\$0	\$64,391	\$64,391
711	Investment Income - Unrestricted	\$3,551	\$0	\$0	\$3,551
700	Total Revenue	\$347,456	\$0	\$287,320	\$634,776

PHA: LA045 FYED: 06/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$77,135	\$0	\$0	\$77,135
912	Auditing Fees	\$9,640	\$0	\$0	\$9,640
914	Compensated Absences	\$984	\$0	\$0	\$984
915	Employee Benefit Contributions - Administrative	\$20,275	\$0	\$0	\$20,275
916	Other Operating - Administrative	\$43,122	\$0	\$0	\$43,122
924	Tenant Services - Other	\$4,589	\$0	\$0	\$4,589
931	Water	\$645	\$0	\$0	\$645
932	Electricity	\$11,594	\$0	\$0	\$11,594
933	Gas	\$1,865	\$0	\$0	\$1,865
941	Ordinary Maintenance and Operations - Labor	\$53,685	\$0	\$0	\$53,685
942	Ordinary Maintenance and Operations - Materials and Other	\$29,969	\$0	\$0	\$29,969
943	Ordinary Maintenance and Operations - Contract Costs	\$25,621	\$0	\$0	\$25,621
945	Employee Benefit Contributions - Ordinary Maintenance	\$15,613	\$0	\$0	\$15,613
981	Insurance Premiums	\$41,024	\$0	\$0	\$41,024
963	Payments in Lieu of Taxes	\$14,637	\$0	\$0	\$14,637
964	Bad Debt - Tenant Rents	\$757	\$0	\$0	\$757
969	Total Operating Expenses	\$351,155	\$0	\$0	\$351,155
970	Excess Operating Revenue over Operating Expenses	\$-3,699	\$0	\$287,320	\$283,621
974	Depreciation Expense	\$155,889	\$0	\$0	\$155,889
900	Total Expenses	\$507,044	\$0	\$0	\$507,044
1001	Operating Transfers In	\$222,929	\$0	\$0	\$222,929
1002	Operating Transfers Out	\$0	\$0	\$-222,929	\$-222,929
1010	Total Other Financing Sources (Uses)	\$222,929	\$0	\$-222,929	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$63,341	\$0	\$64,391	\$127,732

PHA: LA045 FYED: 06/30/2005

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$3,106,671	\$15,000	\$546,677	\$3,668,348
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$445,788	\$-15,000	\$-430,788	\$0
1120	Unit Months Available	1,360	0	0	1,360
1121	Number of Unit Months Leased	1,340	0	0	1,340