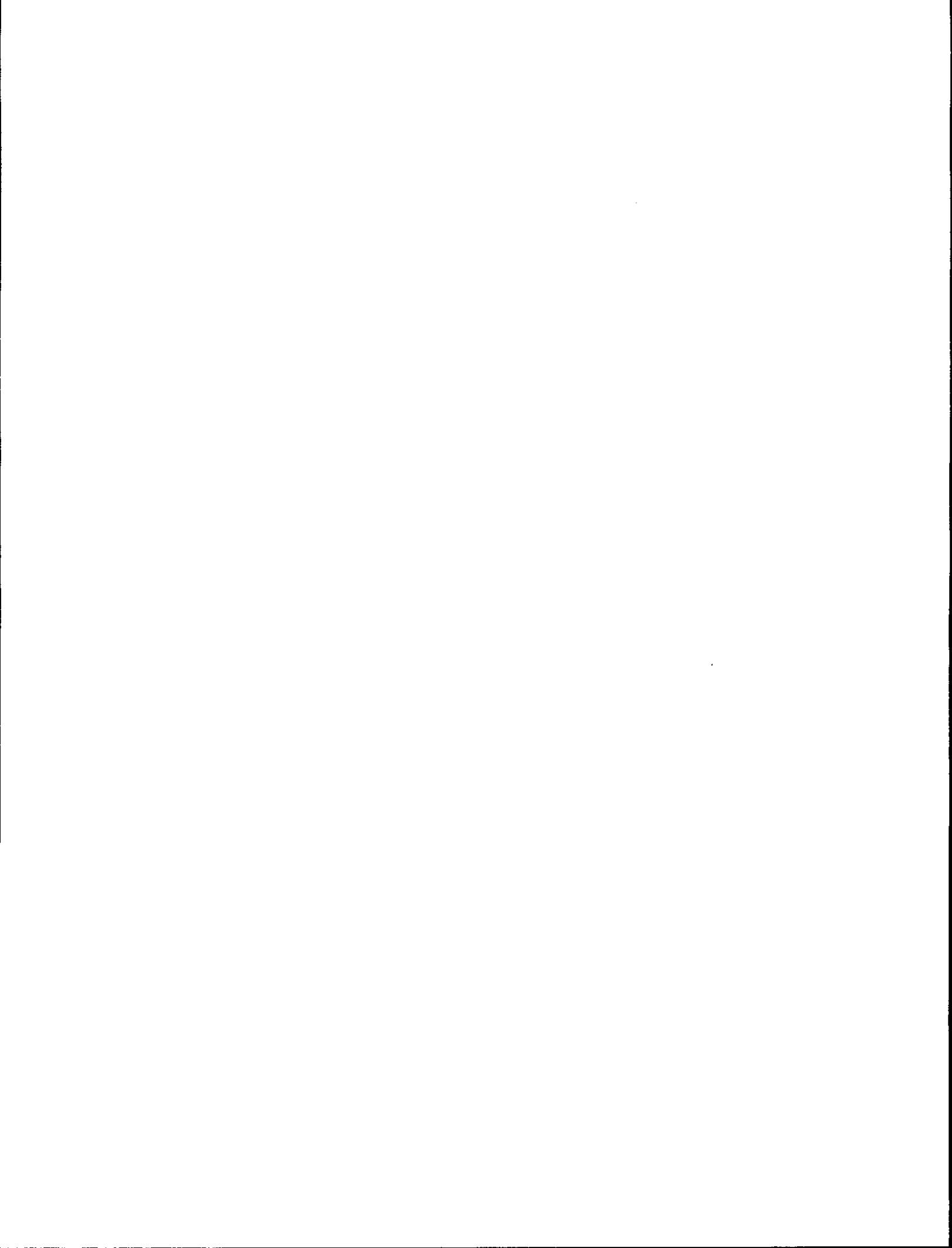


**Tallulah Housing Authority**  
**Tallulah, Louisiana**

**Annual Financial Report**  
**As of and for the Year Ended**  
**December 31, 2005**

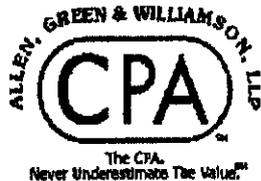
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the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

Release Date 7/26/06



**Tallahassee Housing Authority  
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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Tallulah Housing Authority  
Tallulah, Louisiana

**Basic Financial Statements** We have audited the accompanying financial statements of the Tallulah Housing Authority, a component unit of the City of Tallulah, as of and for the year ended December 31, 2005 and 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these basic 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority as of December 31, 2005 and 2004, and the changes in financial position and cash flows for the years 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 March 10, 2006, on our consideration of the Housing Authority'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.

**Required Supplemental Information** The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and accordingly express no opinion on it.

**Supplemental Information** Our audit was performed for the purpose of forming an opinion on the Housing Authority's basic financial statements. The accompanying supplemental information identified in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the 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.

**Other Information** The information identified in the table of contents as the Other Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Housing Authority. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 10, 2006

**Tallahassee Housing Authority**

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**

Tallahassee Housing Authority

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Management's Discussion and Analysis (MD&A)

December 31, 2005

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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 December 31, 2005. 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 expressed in thousands of dollars.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

**FINANCIAL HIGHLIGHT**

- The liabilities of the Housing Authority exceeded its assets at the close of the most recent fiscal year by \$9,996 (negative net assets).

**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 fund of the Housing Authority is reported as proprietary fund type.

Tallahassee Housing Authority

Management's Discussion and Analysis (MD&A)

December 31, 2005

**USING THIS ANNUAL REPORT** The Housing Authority's annual report consists of financial statements that show information about the Housing Authority's enterprise fund.

*Financial Section*

Required Supplemental Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

Fund  
Financial Statements

Notes to the Basic Financial  
Statements

Supplemental Information  
Schedule of Compensation Paid Board Members  
Schedule of Reserve Funding  
Schedule of Aging Accounts Payable  
Schedule of Rental Information  
Schedule of Budget vs Actual  
Proposed Budget  
Schedule of Insurance Coverage

Our auditor has provided assurance in the independent auditors' 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.

**Reporting the Housing Authority's Fund** The Housing Authority's financial statements provide detailed information about the enterprise fund. The Housing Authority's enterprise fund uses 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.

Tallahassee Housing Authority

Management's Discussion and Analysis (MD&A)  
December 31, 2005

**FINANCIAL ANALYSIS** The Housing Authority's net assets were (\$9,996) at December 31, 2005. Our analysis below focuses on the net assets and the change in net assets of the Housing Authority as a whole.

**Table 1**  
**Net Assets**  
**(in thousands)**

	<u>2005</u>	<u>2004</u>
Current assets	\$ 9	\$ 256
Restricted current assets	7	94
Capital assets, net	<u>1,303</u>	<u>1,185</u>
Total assets	<u>1,319</u>	<u>1,535</u>
Current liabilities	14	7
Current liabilities payable from current assets	5	57
Current liabilities payable from restricted assets	31	81
Long-term liabilities	<u>1,279</u>	<u>1,290</u>
Total liabilities	<u>1,329</u>	<u>1,435</u>
Net assets		
Invested in capital assets, net of related debt	24	215
Restricted	1	91
Unrestricted	<u>(35)</u>	<u>(207)</u>
Total net assets	<u>\$ (10)</u>	<u>\$ 99</u>

Tallahassee Housing Authority

Management's Discussion and Analysis (MD&A)  
December 31, 2005

Table 2  
Changes in Net Assets  
(In thousands)

	<u>2005</u>	<u>2004</u>
Revenues/capital contributions:		
Operating revenues		
Rent and other	\$ 36	\$ 31
Nonoperating revenues		
Interest earnings	1	1
Federal grants	91	348
Total revenues/capital contributions	<u>128</u>	<u>380</u>
Expenses:		
Operating expenses		
Administration	65	64
Operating and maintenance	23	31
Utilities	6	4
Insurance	5	8
Depreciation	85	44
Tenants utility allowance	5	6
Other operating expense	3	2
Interest expense	46	14
Total expenses	<u>238</u>	<u>173</u>
Increase (decrease) in net assets	<u>\$(110)</u>	<u>\$207</u>

Total revenues decreased by \$252,385 from prior year due primarily to cancellation of debt by the USDA of \$258,665 in 2004.

Total expenses increased \$64,495 due primarily to an increase in interest expense of \$31,872 due to interest payable on loans with the USDA and an increase in depreciation expense of \$41,221 which is due to construction in progress being reclassified to building improvements at the completion of the renovation of apartments.

**Tallulah Housing Authority**

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**Management's Discussion and Analysis (MD&A)  
December 31, 2005**

---

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At December 31, 2005, the Housing Authority had \$2,204,933 invested in capital assets, including land, buildings, site improvements, furniture and equipment. This amount represents an increase (including additions and deductions) of \$202,598, or 10 % from last year. See Note 3 to the financial statements for more detail on capital assets.

	<u>2005</u>	<u>2004</u>
Land	\$ 38,008	\$ 38,008
Building improvements and buildings	2,061,462	1,232,557
Furniture and equipment	105,463	101,269
Construction in progress	<u>0</u>	<u>630,501</u>
Totals	<u>\$2,204,933</u>	<u>\$2,002,335</u>

*Debt*

At December 31, 2005, the Housing Authority had \$1,286,063 in long-term debt which consists of loans to the USDA. See Note 5 for more detail on debt.

**ECONOMIC FACTORS** The Housing Authority is primarily dependent upon USDA 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 Percy S. Livingston, Executive Director, at the Tallulah Housing Authority, 204 North Cedar, Tallulah, Louisiana 71282, telephone number (318) 574-0964.

**Tallahassee Housing Authority**

**BASIC FINANCIAL STATEMENTS**

TALLULAH HOUSING AUTHORITY

ENTERPRISE FUNDS  
Comparative Balance Sheet  
December 31, 2005 and 2004

Statement A

	<b>BUSINESS-TYPE ACTIVITIES</b>	
	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
USDA rent assistance receivables, net	\$ 6,976	\$ 6,205
Receivable from City of Tallulah	300	0
Bond proceeds receivable	0	249,173
Prepaid insurance	1,959	0
Deposits Returnable	325	325
Restricted cash and cash equivalents	<u>7,094</u>	<u>94,298</u>
<b>Total current assets</b>	<u>16,654</u>	<u>350,001</u>
<b>Noncurrent assets:</b>		
<b>Capital Assets:</b>		
Land, buildings, and equipment	2,204,933	2,002,335
Less accumulated depreciation	<u>(902,089)</u>	<u>(817,047)</u>
<b>Total noncurrent assets</b>	<u>1,302,844</u>	<u>1,185,288</u>
<b>Total assets</b>	<u>1,319,498</u>	<u>1,535,289</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Bank overdraft	\$ 14,280	6,414
Current liabilities (payable from current assets) accounts payable	5,489	56,702
Current liabilities (payable from restricted assets)		
Housing revenue note payable	3,523	22,468
Loan payable	3,862	0
Interest payable	18,134	0
Retainage payable	0	56,293
Security deposits	<u>5,528</u>	<u>2,775</u>
<b>Total current liabilities</b>	50,816	144,652
<b>Noncurrent liabilities:</b>		
Housing revenue note payable	531,661	515,858
Loans payable	<u>747,017</u>	<u>775,000</u>
<b>Total noncurrent liabilities</b>	<u>1,278,678</u>	<u>1,290,858</u>
<b>Total liabilities</b>	<u>1,329,494</u>	<u>1,435,510</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	27,737	215,433
Restricted for:		
Reserve funding	1,566	91,523
Unrestricted	<u>(39,299)</u>	<u>(207,177)</u>
<b>Total Net Assets</b>	<u>(9,996)</u>	<u>99,779</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,319,498</u>	<u>\$ 1,535,289</u>

**TALLULAH HOUSING AUTHORITY**

**ENTERPRISE FUNDS**

**Comparative Statements of Revenues, Expenses,  
and Changes in Fund Net Assets  
For the Years Ended December 31, 2005 and 2004**

Statement B

	<b>BUSINESS - TYPE ACTIVITIES</b>	
	<u>2005</u>	<u>2004</u>
<b>OPERATING REVENUES</b>		
Rental income	\$ 34,319	\$ 30,843
Other operating revenues	<u>1,849</u>	<u>698</u>
<b>Total operating revenues</b>	<u>36,168</u>	<u>31,541</u>
<b>OPERATING EXPENSES</b>		
Administrative	64,904	64,026
Operating and maintenance	22,896	30,069
Utilities	6,217	4,647
Insurance	5,486	8,882
Depreciation	85,042	43,821
Tenants utility allowance	4,602	5,897
Other operating expense	<u>2,557</u>	<u>1,739</u>
<b>Total operating expenses</b>	<u>191,704</u>	<u>159,081</u>
<b>Operating Income (Loss)</b>	<u>(155,536)</u>	<u>(127,540)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>		
Federal Grants - Farmers Home Administration:		
Loan subsidy	57,789	63,281
Rental assistance	33,548	26,162
Interest earned on deposits	629	870
Interest expense	(46,205)	(14,333)
Cancellation of debt	<u>0</u>	<u>258,665</u>
<b>Total non-operating revenues (expenses)</b>	<u>45,761</u>	<u>334,645</u>
<b>Change in Net Assets</b>	(109,775)	207,105
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>99,779</u>	<u>(107,326)</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ (9,996)</u>	<u>\$ 99,779</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THE STATEMENT.

**TALLULAH HOUSING AUTHORITY**  
**ENTERPRISE FUNDS**  
**Comparative Statements of Cash Flows**  
**For the Year Ended December 31, 2005 and 2004**

Statement C

	<b>BUSINESS TYPE ACTIVITIES</b>	
	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Rental receipts	\$ 34,319	\$ 30,843
Other receipts/payments	257,817	7,112
Payments to vendors	(139,240)	(218,321)
Payments to employees	<u>(56,000)</u>	<u>(54,662)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>96,896</u>	 <u>(235,028)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal grants	<u>91,337</u>	<u>63,281</u>
 NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	 <u>91,337</u>	 <u>63,281</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase fixed assets	(202,598)	(633,937)
Principal payment	(27,263)	0
Interest paid on bonds	(46,205)	0
Advance on bonds	0	525,827
Cancellation of debt	<u>0</u>	<u>258,665</u>
 NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(276,066)</u>	 <u>150,555</u>
 <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest and dividends	<u>629</u>	<u>870</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>629</u>	 <u>870</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 <u>(87,204)</u>	 <u>(20,322)</u>
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	 <u>94,298</u>	 <u>114,620</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <u>\$ 7,094</u>	 <u>\$ 94,298</u>

**TALLULAH HOUSING AUTHORITY**  
**ENTERPRISE FUNDS**  
**Comparative Statements of Cash Flows**  
**For the Year Ended December 31, 2005 and 2004**

Statement C

	<b>BUSINESS TYPE ACTIVITIES</b>	
	<u>2005</u>	<u>2004</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (155,536)	\$ (127,540)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	85,042	43,821
Change in assets and liabilities:		
Customer deposits	2,753	0
Receivables, net	248,102	(255,378)
Prepaid expenses	(1,959)	0
Accounts payables	<u>(81,506)</u>	<u>104,069</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 96,896</u></b>	<b><u>\$ (235,028)</u></b>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Tallulah Housing Authority**  
**Notes to the Basic Financial Statements**

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**Tallulah Housing Authority**  
**Notes to the Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The Tallulah Housing Authority was created by ordinance of the City of Tallulah on March 11, 1976, as authorized by Louisiana Revised Statute 40:391. The Housing Authority is governed by a five-member board appointed by the City. Board members serve five-year terms without benefit of compensation.

**A. REPORTING ENTITY** As the governing authority of the city, for reporting purposes, the City of Tallulah is the financial reporting entity for the city. The financial reporting entity consists of (a) the primary government (city), (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the City of Tallulah for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity are financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the city to impose its will on that organization and/or,
  - b. The potential for the organization to provide financial benefits to or impose specific financial burdens on the city.
2. Organizations for which the city does not appoint a voting majority but are fiscally dependent on the city.
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.

Because the city appoints the governing body of the Housing Authority, the Housing Authority was determined to be a component unit of the City of Tallulah, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Housing Authority and do not present information on the city, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**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 purposes 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 one fund of the Housing Authority is a proprietary fund which accounts for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

**Tallulah Housing Authority**  
**Notes to the Basic Financial Statements**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING** Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and 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 nonoperating items. The principal operating revenues of the Housing Authority are rental income and maintenance charges to the residents. Operating expenses include the costs of providing these services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. BUDGETS** The USDA approves all budgets for the Housing Authority. The budget is controlled by fund at the function level. All appropriations lapse at year-end. Encumbrance accounting is not employed. Formal budget integration (within the accounting records) is not employed as a management control device.

**E. CASH AND CASH EQUIVALENTS** Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits 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.

**F. ACCOUNTS RECEIVABLE** The Housing Authority's Accounts Receivable consists of receivables from the City of Tallulah and USDA rent assistances. These amounts are expected to be paid in full; therefore no allowances for doubtful accounts were set up.

**G. CAPITAL ASSETS** Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The Housing Authority capitalizes all capital assets. Donated capital assets are recorded at their estimated fair value at 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 estimated useful lives:

Buildings	35 years
Building improvements	5 - 20 years
Furniture and equipment	5 - 10 years

**H. COMPENSATED ABSENCES** The Housing Authority has three full-time employees. The Housing Authority has not adopted vacation or sick leave policies; therefore, there is no liability for compensated absences for the year ended December 31, 2005 and 2004.

**I. 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.

**J. 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

**Tallahassee Housing Authority**  
**Notes to the Basic Financial Statements**

financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – DEPOSITS** The Housing Authority carried only deposits and did not report any investments at December 31, 2005.

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

**Credit Rate Risk:** The Housing Authority's policy does not address credit rate risk.

**Custodial Credit Risk:** In the case of deposits, this is the risk that in the event of bank failure, the Housing Authority's deposits may not be returned to it. As of December 31, 2005 the Housing Authority's bank balance of \$10,698 was not exposed to custodial credit risk.

**NOTE 3 - CAPITAL ASSETS** The following presents the changes in fixed assets for the year ended December 31, 2005:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Ending</u>
Land	\$ 38,008	\$ 0	\$ 0	\$ 38,008
Exhaustible capital assets				
Building improvements	67,790	828,905		896,695
Buildings	1,164,767	0	0	1,164,767
Furniture and equipment	101,269	4,194	0	105,463
Construction in progress	<u>630,501</u>	<u>198,404</u>	<u>828,905</u>	<u>0</u>
Total	<u>2,002,335</u>	<u>1,031,503</u>	<u>828,905</u>	<u>2,204,933</u>
Less accumulated depreciation				
Building improvements	30,230	33,279	0	63,509
Buildings	695,968	47,696	0	743,664
Furniture and equipment	<u>90,849</u>	<u>4,067</u>	<u>0</u>	<u>94,916</u>
Total	<u>817,047</u>	<u>85,042</u>	<u>0</u>	<u>902,089</u>
Capital assets, net	<u>\$1,185,288</u>	<u>\$946,461</u>	<u>\$828,905</u>	<u>\$1,302,844</u>

The following presents the changes in fixed assets for the year ended December 31, 2004:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Ending</u>
Land	\$ 38,008	\$ 0	\$0	\$ 38,008
Exhaustible capital assets				
Building improvements	67,790	0	0	67,790
Buildings	1,164,767	0	0	1,164,767
Furniture and equipment	97,833	3,436	0	101,269
Construction in progress	<u>0</u>	<u>630,501</u>	<u>0</u>	<u>630,501</u>
Total	<u>1,368,398</u>	<u>633,937</u>	<u>0</u>	<u>2,002,335</u>
Less accumulated depreciation				
Building improvements	24,115	6115	0	30,230
Buildings	662,689	33,279	0	695,968
Furniture and equipment	<u>86,422</u>	<u>4,427</u>	<u>0</u>	<u>90,849</u>
Total	<u>773,226</u>	<u>43,821</u>	<u>0</u>	<u>817,047</u>
Capital assets, net	<u>\$ 595,172</u>	<u>\$590,116</u>	<u>\$0</u>	<u>\$1,185,288</u>

**Tallulah Housing Authority  
Notes to the Basic Financial Statements**

**NOTE 4 - PENSION PLAN** The employees of Tallulah Housing Authority are members of the Social Security System. In addition to the employee's contributions withheld at 7.65 percent of gross salary, the Housing Authority contributes an equal amount to the Social Security System. The Housing Authority does not guarantee the benefits granted by the Social Security System.

**NOTE 5 - LONG-TERM DEBT** The long-term liability at December 31, 2005, represents a housing revenue note payable to the United States Department of Agriculture (USDA), Rural Development Administration under the Rural Rental Housing Loan Program (CFDA 10.415). The note is due in annual installments of \$22,468 through December 31, 2021, and thereafter installments which range in amounts from \$22,591 to \$56,193 through November, 2031 with an annual interest rate of 11.50%. The original note payable was re-amortized in May, 2004, with a principal amount of \$540,000. The deductions to the note payable include a cancellation of debt in the amount of \$258,665 in 2004.

The following is a summary of notes payable for the year ended December 31:

	<u>2005</u>	<u>2004</u>
Note payable at January 1,	\$538,326	\$806,949
Additions	0	540,000
Deductions	<u>3,142</u>	<u>808,623</u>
Note payable at December 31,	<u>\$535,184</u>	<u>\$538,326</u>
Amount due within one year	<u>\$ 3,523</u>	<u>\$ 3,142</u>

The Housing Authority also has a loan payable with the USDA with the proceeds being used for the rehabilitation of apartments which was completed during 2005. The loan has a total of principal and interest of \$1,089,941 payable until 2049 with payments from \$10,592 to \$45,265. The stated interest rate of the loan is 5.875%.

The following is a summary of loans payable for the year ended December 31:

	<u>2005</u>	<u>2004</u>
Loan payable at January 1,	\$775,000	\$ 0
Additions	226,900	775,000
Deductions	<u>251,021</u>	<u>0</u>
Loan payable at December 31,	<u>\$750,879</u>	<u>\$775,000</u>
Amount due within one year	<u>\$ 3,862</u>	<u>\$ 1,847</u>

**Tallulah Housing Authority**  
**Notes to the Basic Financial Statements**

The annual requirements to amortize long-term debt outstanding at December 31, 2005 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 7,385	\$ 36,268	\$ 43,653
2007	8,045	35,608	43,653
2008	8,771	34,882	43,653
2009	9,571	34,083	43,654
2010	10,451	33,202	43,653
2011-2015	68,970	149,296	218,266
2016-2020	109,625	108,641	218,266
2021-2025	177,385	56,909	234,294
2026-2030	291,718	35,591	327,309
2031-2035	150,476	11,770	162,246
2036-2040	126,386	0	126,386
2041-2045	169,418	0	169,418
2046-2049	<u>147,862</u>	<u>0</u>	<u>147,862</u>
Total	<u>\$1,286,063</u>	<u>\$536,250</u>	<u>\$1,822,313</u>

The Housing Authority has also entered into an interest credit and rental assistance agreement with FmHA under which the Housing Authority earns a credit against the interest payable on the mortgage note. The credit may result in an effective interest rate as low as 1%. FmHA may terminate the interest credit agreement if it is determined that no subsidy is necessary or if the Housing Authority is determined to be in noncompliance with the loan agreement or other applicable FmHA rules or regulations.

**NOTE 6 – RESTRICTED ASSETS** As discussed in Note 5, during 1981 the Housing Authority received a \$1,286,000 loan from Farmers Home Administration (CFDA #10.415) for the construction of housing accommodations for persons of low income. The loan agreement requires the establishment of a reserve fund. The Housing Authority must transfer into this fund an amount not less than \$11,255 annually, until there has been accumulated an amount of \$112,554. During 2005, the USDA granted the Housing Authority permission to use reserve funds due to construction cost incurred during the rehabilitation of apartments. The USDA stated that the Housing Authority does not have to repay funds used and extended the period in which the reserve account must reach the maximum required amount of \$112,554. At December 31, 2005, the Housing Authority had a balance of \$1,566 in the reserve account.

**NOTE 7 - LITIGATION AND CLAIMS** At December 31, 2005, the Housing Authority was not involved in any litigation, nor was it aware of any unasserted claims.

**NOTE 8 - RENTAL ASSISTANCE AGREEMENT** The Housing Authority has entered into a contract with FmHA that provides rental assistance payments on behalf of eligible lower-income persons or families. Under this contract the Housing Authority agreed to rent only to eligible persons or families at FmHA-approved rates and to adhere to certain rules of operation. FmHA may, at its option, terminate the contract if the Housing Authority is determined to be in noncompliance with the FmHA loan agreement or other applicable FmHA rules or regulations. FmHA may also reduce the number of units covered by the contract should it determine that there is a lack of eligible tenants in the area. The contract automatically expires upon the total disbursement of the contract's original obligated amount.

**NOTE 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 United States Department of Agriculture (USDA) provided \$91,337 in rental assistance to the Housing

**Tallulah Housing Authority**  
**Notes to the Basic Financial Statements**

Authority for year ended December 31, 2005. The total amount provided by the USDA represents 71.28% of the Housing Authority's total revenue for the year.

**NOTE 10 - RISK MANAGEMENT** The Housing Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Housing Authority maintains commercial insurance policies covering property, employee liability, and public officials' liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2005.

**Tallah Housing Authority**

**SUPPLEMENTAL INFORMATION**

**Tallulah Housing Authority  
Schedule of Compensation Paid Board Members  
For the Year Ended December 31, 2005**

**Schedule 1**

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

Anthony Bridgewater  
P. O. Box 1602  
Tallulah, LA 71282  
Term expires 06/30/2008

Cathy Barrett  
400 Henderson Street, #139  
Tallulah, LA 71282  
Term expires 06/30/2009

Lonnie Curry  
121 Chicago Street  
Tallulah, LA 71282  
Term expires 06/30/2007

Jim Sevier  
P. O. Box 423  
Tallulah, LA 71282  
Term expires 06/30/2006

Hazel Suluki  
1019 N. Madison Street  
Tallulah, LA 71282  
Term expires 06/30/2010

**TALLULAH HOUSING AUTHORITY**  
**Schedule of Reserve Funding**  
**For the Year Ended December 31, 2005**

	<b>Schedule 2</b>
Required 12/31/2004	\$ 112,554
Deposit requirement for 2005	<u>0</u>
Required at 12/31/2005	112,554
Deposit balance at 12/31/2005	<u>1,566</u>
Excess/(Deficiency) at 12/31/2005	<u>(110,988)</u>
 Change in Deposit Balance:	
Balance 12/31/2004	91,533
Computer purchase	(1,340)
Professional fees	(1,085)
Construction costs	(71,419)
Insurance costs	(7,299)
Transfer to operating & maintenance	(9,322)
Interest earnings	<u>498</u>
Balance 12/31/2005	<u>\$ 1,566</u>

**Tallah Housing Authority  
Schedule of Aging Accounts Payable  
For the Year Ended December 31, 2005**

**Schedule 3**

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Aging</u>
Repairs & maintenance	\$ 61	30 days
Utility expense	275	30 days
Salary and related benefits	<u>5,153</u>	30 days
Total	<u>\$5,489</u>	

**Tallahassee Housing Authority  
Schedule of Rental Information  
For the Year Ended December 31, 2005**

**Schedule 4**

<u>Size of Unit</u>	<u>Basic Note Rent</u>	<u>Note Rent Rate</u>	<u>Number of Units</u>	<u>Number Occupied at Year End</u>
4-Bedroom	450	842	4	3
3-Bedroom	400	738	4	4
2-Bedroom	350	615	12	12
1-Bedroom	305	533	20	19

\*\*Occupancy rate at the end of the year, December 31, 2005

95%

\*\*At December 31, 2005, there were 2 non-revenue units.

**TALLULAH HOUSING AUTHORITY**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
**Schedule of Revenues, Expenses, and**  
**Changes in Fund Equity - Budget and Actual**  
**For the Year Ended December 31, 2005**

	Schedule 5		
	VARIANCE		
	FAVORABLE		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(UNFAVORABLE)</u>
<b>OPERATING REVENUES</b>			
Rental income	\$ 35,000	\$ 34,319	\$ (881)
Other operating revenues	<u>600</u>	<u>1,849</u>	<u>1,249</u>
Total operating revenues	<u>35,600</u>	<u>36,168</u>	<u>568</u>
<b>OPERATING EXPENSES</b>			
Administrative	64,390	64,904	(514)
Operating and maintenance	100	22,898	(22,798)
Utilities	4,610	6,217	(1,607)
Insurance	12,950	5,488	7,464
Depreciation	0	85,042	(85,042)
Tenant's utility allowance	4,610	4,602	8
Other operating expenses	<u>750</u>	<u>2,557</u>	<u>(1,807)</u>
Total operating expenses	<u>87,410</u>	<u>191,704</u>	<u>(104,294)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(51,810)</u>	<u>(155,536)</u>	<u>(103,726)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>			
Federal grants - Farmers Home Administration:			
Loan subsidy	86,400	57,789	(28,611)
Rental assistance	30,000	33,548	3,548
Interest earned on deposits	0	629	629
Interest expense	0	(46,205)	(46,205)
Cancellation of debt	<u>0</u>	<u>0</u>	<u>0</u>
Total non-operating revenues (expenses)	<u>116,400</u>	<u>45,761</u>	<u>(70,639)</u>
Change in Net Assets	64,590	(109,775)	(174,365)
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>146,230</u>	<u>99,779</u>	<u>(46,451)</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 210,820</u>	<u>\$ (9,996)</u>	<u>\$ (220,816)</u>

**TALLULAH HOUSING AUTHORITY**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
**Proposed Budget**  
**For the Year Ended December 31, 2005**

	<b>Schedule 6</b>
<b>OPERATING REVENUES</b>	
Rental income	\$ 179,222
Other operating revenues	400
Less: vacancy and contingency allowance	(2,000)
 Total operating revenues	 <u>177,622</u>
<b>OPERATING EXPENSES</b>	
Accounting and legal	24,900
Operating supplies	100
Garbage removal	4,200
Maintenance of grounds	1,000
Insurance	8,000
Payroll taxes	3,785
Payroll related benefits	4,050
Repairs and maintenance	10,000
Salary	32,024
Telephone	1,200
Utilities	5,525
Other operating expenses	<u>1,850</u>
 Total operating expenses	 <u>96,634</u>
 OPERATING INCOME (LOSS)	 <u>80,988</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Furniture and furnishings replacement	(4,000)
Debt payment - USDA	(43,653)
Transfers to Reserve	<u>(12,935)</u>
 Total other financing sources (uses)	 <u>(60,588)</u>
 NET INCOME	 20,400
 FUND BALANCES - BEGINNING	 <u>148,230</u>
 FUND BALANCES - ENDING	 <u>\$ 166,630</u>

**Tallulah Housing Authority**  
**Schedule of Insurance Coverage**  
**As of December 31, 2005**

Schedule 7

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Policy Number</u>	<u>Amount of Coverage</u>	<u>Deductible</u>	<u>Expiration Date</u>
Fire and extended coverage	Various	Various	\$1,520,000	\$5,000 per building, \$10,000 maximum per occurrence per housing authority	4/01/06
General liability	Audubon Insurance	CGL419921	2,000,000	NONE	4/01/06
Automobile liability	Audubon Insurance	CGL419921	1,000,000	NONE	4/01/06
Public officials	General Star Indemnity	IYA811765C	1,000,000	\$5,000 per occurrence	9/01/06

Agent: Arthur J. Gallagher, BB&H Div.  
 235 Highlandia Dr. - Suite 200  
 Baton Rouge, LA 70810  
 Phone: (225) 292-3515

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NOTE: Excess insurance above the self-insured retention(s) maintained by the trust is provided by the following companies:

Lexington Insurance Company	Policy Number 41-LX-6436801
Discover Property & Casualty Insurance Company	Policy Number D007Z0001
Westchester Surplus Insurance	Policy Number D3589893001
Axis Specialty Insurance Company	Policy Number EAF706026
Royal Insurance Company	Policy Number NHD334086



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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

Board of Commissioners  
Tallulah Housing Authority  
Tallulah, Louisiana

We have audited the financial statements of the business type activities of Tallulah Housing Authority, a component unit of the City of Tallulah, as of and for the year ended December 31, 2005, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated March 10, 2006. 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 of America.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions as identified as items 05-F1, 05-F2, 05-F3 and 05-F4 in the Schedule of Findings and Questioned Costs. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Housing Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority'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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board, management, 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. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

March 10, 2006



## ALLEN, GREEN & WILLIAMSON, LLP

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

Board of Commissioners  
Tallulah Housing Authority  
Tallulah, Louisiana

#### Compliance

We have audited the compliance of the Tallulah Housing Authority 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 December 31, 2005. The Housing Authority's major federal programs are identified in the summary of auditors' 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's management. Our responsibility is to express an opinion on the Housing Authority'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 of America; 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'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 on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority 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 December 31, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 05-F5 and 05-F6.

#### Internal Control Over Compliance

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities of the Tallulah Housing Authority as of and for the year ended December 31, 2005, and have issued our report thereon dated March 10, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is 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.

This report is intended solely for the information and use of the Housing Authority, management, 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. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 10, 2006

**Tallahassee Housing Authority  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA <u>Number</u>	Pass Through <u>Grantor No.</u>	<u>Expenditures</u>
<b>CASH FEDERAL AWARDS</b>			
United States Department of Agriculture			
Farmers Home Administration			
Direct program - Rural Rental Housing Loans	10.415	N/A	\$91,337
<b>TOTAL FEDERAL AWARDS</b>			<b>\$91,337</b>

**Footnote:**

1. This schedule was prepared on the modified accrual basis of accounting.
2. Not included in the above schedule is \$535,184 in an outstanding long-term housing revenue note payable at December 31, 2005. The note is payable to the Rural Development Administration under CFDA 10.415.
3. Also not included in the above schedule is \$750,879 in an outstanding long-term housing revenue loan payable at December 31, 2005. The loan is payable to the Rural Development Administration under CFDA 10.415.
4. The amount in the above schedule consists of a loan subsidy of \$57,789; Rental Assistance of \$33,548.

**Tallahassee Housing Authority**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2005**

**NOTE 1 - GENERAL.** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority's reporting entity is defined in Note 1 to the Housing Authority's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

**NOTE 2 - BASIS OF ACCOUNTING.** The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 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 financial statements as follows:

	<u>Federal Sources</u>
Rural Rental Housing Loans, CFDA# 10.415	\$91,337

**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 accounting principles generally accepted in the United States of America.

**NOTE 5 - FEDERAL AWARDS.** For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with PIH98-14 "federal awards" do not include operating income from rents or investments (or other non-federal sources). The entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

**Tallahassee Housing Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2005**

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

**PART I - Summary of the Auditors' Results**

**Financial Statement Audit**

- i. The type of audit report issued was unqualified.
- ii. There were four reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.

The reportable conditions were not considered to be material weaknesses.

- 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 reportable conditions required to be disclosed by OMB Circular A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed two audit finding which the auditor is required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal programs are:  

CFDA #10.415      Rural Rental Housing Loan
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular A-133, Section .530.

**Tallahassee Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2005**

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

**Reference # and title:**            05-F1    Bank Reconciliations Not Prepared Timely

**Entity-wide or program/department specific:** This finding is entity wide.

**Criteria or specific requirement:** Good internal controls require that bank reconciliations be performed timely. This ensures that unexplained differences are discovered quickly and can be researched. Also, there is usually only thirty days from the bank statement date to report and resolve any bank errors.

**Condition:** Upon examining the bank reconciliations for the year ended December 31, 2005, it was noted that they were prepared quarterly, not month by month. The bank reconciliations were not prepared until January, 2006.

**Possible asserted effect (cause and effect):**

**Cause:** The person responsible for the bank reconciliations did not complete bank reconciliations in a timely manner.

**Effect:** Internal controls over cash were weakened.

**Recommendations to prevent future occurrences:** The Housing Authority management should ensure that bank reconciliations are prepared in a timely manner in the future.

**Reference # and title:** 05-F2    Personnel Files Incomplete

**Entity-wide or program/department specific:** This finding is specific to payroll.

**Criteria or specific requirement:** Documentation for rate of pay should be updated as the rate changes and placed in employee files.

**Condition found:** In examining the personnel files for the 3 employees of the Housing Authority, all were found to have no documentation for the current rate of pay.

**Possible asserted effect (cause and effect):**

**Cause:** The Housing Authority does not update employee files when rate of pay changes.

**Effect:** There is no proof of current rate of pay in personnel files.

**Recommendations to prevent future occurrences:** The Housing Authority should document changes in rate of pay for all employees and place in employee files.

**Tallulah Housing Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2005**

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

**Reference # and title: 05-F3 Travel Expense and Reimbursement**

**Entity-wide or program/department specific:** This finding is entity wide.

**Criteria or specific requirement:** Travel expense for reimbursement for mileage should be documented, such as a mileage log, showing each individual trip and an explanation of the purpose of each trip, and the number of miles driven per trip.

**Condition found:** In testing 5 travel expenditures, 3 did not have documentation explaining the purpose or length of each individual trip.

**Possible asserted effect (cause and effect):**

**Cause:** The Housing Authority does not have an approved travel policy stating the procedure by which travel expense are to be paid or documentation needed or which sets the per diem rate of reimbursement.

**Effect:** The Housing Authority does not retain actual receipts for travel expenses not paid as per diem or document mileage as to purpose and length of each trip.

**Recommendations to prevent future occurrences:** The Housing Authority should adopt a travel policy which states requirements to be followed and documentation required for all travel reimbursements and the rate in which travel expenses will be reimbursed.

**Reference # and title: 05-F4 Insufficient Funds Bank Charges**

**Entity-wide or program/department specific:** This finding is entity wide.

**Criteria or specific requirement:** Good internal controls require that cash balances and cash requirements be monitored.

**Condition:** Upon examining the bank statements for the year ended December 31, 2005, it was noted that the Housing Authority paid a total of \$1,144 for insufficient funds in the operating and maintenance bank account during the year. At December 31, 2005, the operating and maintenance bank account had a deficient balance of \$14,298.

**Possible asserted effect (cause and effect):**

**Cause:** The Housing Authority did not monitor cash balances or cash requirements closely.

**Effect:** The Housing Authority was overdrawn resulting in insufficient fund charges by the bank.

**Recommendations to prevent future occurrences:** The Housing Authority's management should ensure that bank balances are sufficient before making expenditures so as not to incur insufficient fund charges by the bank.

**Tallulah Housing Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2003**

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

**Reference # and title:            05-F5                            Accounting Records Not Maintained Timely**

**Federal program and specific Federal award identification: USDA – Rural Rental Housing Loans  
CFDA #10.415**

**Entity-wide or program/department specific: This is entity wide**

**Criteria or specific requirement: Continuing compliance requirements state that accounting records be maintained accurately for all funds of the Housing Authority.**

**Condition found: Upon examining the bank reconciliations for the year ended December 31, 2005, it was noted that they were prepared quarterly, not month by month and were not prepared until January, 2006.**

**Possible asserted effect (cause and effect):**

**Cause: The person responsible for the bank reconciliations did not complete bank reconciliations in a timely manner.**

**Effect: The Housing Authority was not in compliance with requirements of agreement with USDA.**

**Recommendations to prevent future occurrences: The Housing Authority management should ensure that bank reconciliations are prepared in a timely manner in the future to be in compliance with requirements of agreement with USDA.**

**Reference # and title:            05-F6                            Deficiency in Reserve Fund Account**

**Federal program and specific Federal award identification: USDA – Rural Rental Housing Loans  
CFDA #10.415**

**Entity-wide or program/department specific: This is entity wide**

**Criteria or specific requirement: The loan agreement between USDA and the Housing Authority requires an amount not less than \$11,255 be transferred to the Reserve Fund annually until it accumulates to a total of \$112,554.**

**Condition found: The Housing Authority did not transfer the required \$11,255 from the operating and maintenance account to the Reserve Fund account as required by the agreement with USDA.**

**Possible asserted effect (cause and effect):**

**Cause: At December 31, 2005, the operating and maintenance cash account had a deficiency of \$14,298.**

**Effect: The Housing Authority was unable to transfer the required \$11,255 from the operating and maintenance account to the reserve account as required by the agreement with USDA.**

**Recommendations to prevent future occurrences: The Housing Authority should take actions to ensure that future years requirement of \$11,255 are available to be transferred to the reserve fund account.**

## **Tallulah Housing Authority**

### **Other Information**

The information in this section concerns management's actions or intentions concerning prior- and current-year audit findings and is required by U. S. Office of Management and Budget (OMB) Circular A-133. This information has been prepared by the management of the Tallulah Housing Authority. Management accepts full responsibility, as required by OMB Circular A-133, for the accuracy of the information. We have not audited this information except as required by OMB Circular A-133 Section 500(e), and accordingly, no opinion is expressed. Section 500(e) requires the auditor to follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee, and report, as a current-year audit finding when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding.

**Tallahassee Housing Authority  
Summary Schedule of Prior-Year Audit Findings  
December 31, 2005**

**Reference # and title:            04-F1        Untimely Cash Deposit**

**Condition:** In testing cash receipts, it was note that 5 of 10 cash deposits tested were not deposited on a timely basis (within three business days).

**Corrective action taken:** The Housing Authority has implemented procedures. Procedures implemented in prior year are followed to ensure timely deposits of all monies (within three business days).

**Reference # and title:            04-F2        Personnel Files Incomplete**

**Condition:** In examining the personnel files for the 3 employees of the Housing Authority, all 3 examined had no proof of existence in their file.

**Corrective action taken:** The Housing Authority will update personnel files to include documentation of proof of existence for all employees. In the future, this information will be required upon employment of an individual with the Housing Authority. See current- year finding 05-F2.

**Reference # and title:            04-F3        Travel Expense and Reimbursement**

**Condition:** In testing 5 travel expenditures, 3 did not have receipts for expenses.

**Corrective action taken:** The Housing Authority will adopt a travel policy to ensure consistency in the payment of travel expenses and, when necessary, retain original receipts for reimbursed expenses. See current-year finding 05-F3.

**Reference # and title:            04-F4        Violation of Public Bid Law**

**Condition:** In bidding the project for renovations to the Housing Authority, it was noted that the advertisement for bids was published only 2 times, not the 3 times required for public works contracts.

**Corrective action taken:** In the future, the Housing Authority will adhere to the rules and regulations of Public Bid Law.

**Reference # and title:            04-F5        Violation of Asset Management Law**

**Condition:** The Housing Authority does not follow the asset management law by tagging fixed assets.

**Corrective action taken:** The Housing Authority will implement procedures to ensure all fixed assets are recorded properly in the accounting records and that each asset is tagged with identification number.

**Tallulah Housing Authority  
Summary Schedule of Prior-Year Audit Findings  
December 31, 2005**

**Reference # and title:            04-F6        Bank Reconciliations Not Prepared Timely**

**Condition:** Upon examining the bank reconciliations for the year ended December 31, 2004, it was noted that they were prepared quarterly, not month by month.

**Corrective action taken:** The City Clerk of Tallulah prepares all bank reconciliations for the Housing Authority. The Clerk was required to take time away from his duties in the past year due to a legal action against him by the City Council. Since the suit has been settled, the City Clerk will be able to devote the necessary time to complete his duties in a timelier manner. See current-year finding 05-F1.

**Reference # and title:            04-F7        Accounting Records Not Maintained Timely**

**Condition:** Upon examining the bank reconciliations for the year ended December 31, 2004, it was noted that they were prepared quarterly, not month by month. The USDA requires accounting records to be kept current.

**Corrective action taken:** The City Clerk of Tallulah prepares all bank reconciliations for the Housing Authority. The Clerk was required to take time away from his duties in the past year due to a legal action against him by the City Council. Since the suit has been settled, the City Clerk will be able to devote the necessary time to complete his duties in a timelier manner. See current-year finding 05-F5.

**Reference # and title:            04-F8        Deficiency in Reserve Fund Account**

**Condition:** The Housing Authority did not transfer the required \$11,255 from the operating and maintenance account to the reserve account as required by the agreement with USDA.

**Corrective action taken:** The Housing Authority began a rehabilitation project during the year. There were increased expenses during the year which were not anticipated by the Housing Authority. At December 31, 2004, the operating and maintenance account was overdrawn, thus the Housing Authority was not able to make the required transfer to the reserve account. The Housing Authority will strive to ensure that the required transfer of \$11,555 to the reserve account is made in the future. See current-year finding 05-F6.

**Tallahassee Housing Authority**  
**Corrective Action Plan for Current-Year Findings and Questioned Costs**  
**December 31, 2005**

**Reference # and title:            05-F1            Bank Reconciliations Not Prepared Timely**

**Condition:** Upon examining the bank reconciliations for the year ended December 31, 2005, it was noted that they were prepared quarterly, not month by month. The bank reconciliations were not prepared until January, 2006.

**Corrective action planned:** In the future, cash reconciliations will be performed in a much more timely manner allowing for better cash control and management.

**Anticipated completion date:** Immediately.

**Reference # and title:            05-F2            Personnel Files Incomplete**

**Condition:** In examining the personnel files for the 3 employees of the Housing Authority, all were found to have no documentation for the current rate of pay.

**Corrective action planned:** Actions will be taken to ensure that each employee file shall have necessary documentation.

**Anticipated completion date:** Immediately.

**Reference # and title:            05-F3            Travel Expense and Reimbursement**

**Condition:** In testing 5 travel expenditures, 3 did not have documentation explaining the purpose or length of each individual trip.

**Corrective action planned:** All future travel will have sufficient documentation before reimbursement occurs.

**Anticipated completion date:** Immediately

**Reference # and title:            05-F4            Insufficient Funds Bank Charges**

**Condition:** Upon examining the bank statements for the year ended December 31, 2005, it was noted that the Housing Authority paid a total of \$1,144 for in-sufficient funds in the operating and maintenance bank account during the year. At December 31, 2005, the operating and maintenance bank account had a deficient balance of \$14,298.

**Corrective action planned:** During the year, the construction program was being completed causing an additional expense burden to the Housing Authority. These out of ordinary expenses brought about large cash shortfalls which in turn were reflected in overdrafts of the operating and maintenance bank account. With the construction project now complete, expenditures will decrease, and better cash management will be afforded resulting in the absence of bank overdrafts.

**Anticipated completion date:** Immediately.

**Tallulah Housing Authority**  
**Corrective Action Plan for Current-Year Findings and Questioned Costs**  
**December 31, 2005**

**Reference # and title:**            **05-F5**                            **Accounting Records Not Maintained Timely**

**Condition:** Upon examining the bank reconciliations for the year ended December 31, 2005, it was noted that they were prepared quarterly, not month by month and were not prepared until January, 2006.

**Corrective action planned:** During the current fiscal year, all bank accounts will be reconciled in a timely manner.

**Anticipated completion date:** Immediately.

**Reference # and title:**            **05-F6**                            **Deficiency in Reserve Fund Account**

**Condition:** The Housing Authority did not transfer the required \$11,255 from the operating and maintenance account to the Reserve Fund account as required by the agreement with USDA.

**Corrective action planned:** The building construction project brought about additional unexpected expenses to the operating and maintenance account rendering it incapable of fund transfers to the reserve account. USDA was aware of the problem and has given the Housing Authority additional time in which to reach full compliance regarding fund transfers to the reserve account.

**Person responsible for corrective action:**

Mr. Percy S. Livingston, Executive Director  
Tallulah Housing Authority  
204 N Cedar Street  
Tallulah, Louisiana 71282

Telephone: (318) 574-0964  
Fax: (318) 574-2773

**Anticipated completion date:** Immediately.