

**HOUSING AUTHORITY OF IOWA, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL DATA**  
**(UNAUDITED)**  
**TWELVE MONTHS ENDED SEPTEMBER 30, 2011**

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 **MAR 2 8 2012**

**Mike Estes, P.C.**  
**A Professional Accounting Corporation**

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Independent Accountant's Review Report

Board of Commissioners  
Housing Authority of Iowa  
Iowa, Louisiana

We have reviewed the accompanying financial statements of the Housing Authority of Iowa, Louisiana as of and for the year ended September 30, 2011, which collectively comprise the Housing Authority of Iowa, Louisiana's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Iowa, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Housing Authority of Iowa, Louisiana is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis information on pages 3 through 9 are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operations, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

We have also performed agreed-upon procedures for the year ended September 30, 2011, all included therein.

*Mike Estes, P.C.*

Mike Estes, P C  
Fort Worth, Texas  
March 15, 2012

**HOUSING AUTHORITY OF IOWA, LOUISIANA**

**REQUIRED SUPPLEMENTAL INFORMATION**

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

**SEPTEMBER 30, 2011**

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Housing Authority of Iowa, Louisiana  
Management's Discussion and Analysis (MD&A)  
September 30, 2011

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The management of Public Housing Authority of Iowa, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2011. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included unaudited financial statements

#### FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding
- The Housing Authority's assets exceeded its liabilities by \$1,621,133 at the close of the fiscal year ended 2011
  - ✓ Of this amount \$1,541,288 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts
  - ✓ The remainder of \$79,845 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 14% of the total operating expenses of \$551,514 for the fiscal year 2011, which means the Authority might be able to operate about 2 months using the unrestricted assets alone, compared to 6 months in the prior fiscal year
- The Housing Authority's total net assets decreased by \$187,825, a 10% decrease from the prior fiscal year 2010. This decrease is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below
- The decrease in net assets of these funds was accompanied by a decrease in unrestricted cash by \$104,297 from fiscal year 2010, primarily due to spending \$130,281 more for operations than Federal funds received for operations, spending \$65,736 more for capital assets than Federal capital grants received, and transferring \$91,720 of cash needed for operations out of investments into cash
- The Authority spent \$398,398 on capital asset additions during the current fiscal year
- These changes led to a decrease in total assets by \$213,333 and a decrease in total liabilities by \$25,508. As related measure of financial health, there are still over \$4 of current assets covering each dollar of total current liabilities, which compares to \$6 covering the prior fiscal year's liabilities
- The Housing Authority continues to operate without the need for debt borrowing.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

### Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2011?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

### Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. 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 enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

## USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Low Rent Public Housing	\$ 130,755
Public Housing Capital Fund Program	<u>97,983</u>
Total funding received this current fiscal year	<u>\$ 228,738</u>

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Housing Authority of Iowa, Louisiana  
 Management's Discussion and Analysis (MD&A)  
 September 30, 2011

**Reporting the Housing Authority's Most Significant Funds**

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

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds. All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

**FINANCIAL ANALYSIS**

The Housing Authority's net assets were \$1,621,133 as of September 30, 2011. Of this amount, \$1,541,288 was invested in capital assets, and the remaining \$79,845 was unrestricted. No other specific assets are restricted. Also, there are no other restrictions on general Net Assets.

**CONDENSED FINANCIAL STATEMENTS**

**Condensed Statements of Net Assets  
 As of September 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current assets	\$ 118,142	\$316,149
Capital assets, net of depreciation	<u>1,541,288</u>	<u>1,556,614</u>
Total assets	<u>1,659,430</u>	<u>1,872,763</u>
<b>LIABILITIES</b>		
Current liabilities	28,279	57,346
Non-current liabilities	<u>10,018</u>	<u>6,459</u>
Total liabilities	<u>38,297</u>	<u>63,805</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of depreciation	1,541,288	1,556,614
Unrestricted net assets	<u>79,845</u>	<u>252,344</u>
Total net assets	<u>1,621,133</u>	<u>1,808,958</u>
Total liabilities and net assets	<u>1,659,430</u>	<u>1,872,763</u>

Housing Authority of Iowa, Louisiana  
 Management's Discussion and Analysis (MD&A)  
 September 30, 2011

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The net assets of these funds decreased by \$187,825, or by 10%, from those of fiscal year 2010, as explained below. In the narrative that follows, the detail factors causing this change are discussed.

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Fiscal Year Ended September 30,**

	2011	2010
<b>OPERATING REVENUES</b>		
Dwelling rental	\$ 100,293	\$ 95,459
Governmental operating grants	133,830	140,222
Other	1,590	4,870
Total Operating Revenues	235,713	240,551
<b>OPERATING EXPENSES</b>		
Administration	129,319	132,402
Tenant services	140	325
Utilities	15,034	11,931
Ordinary maintenance & operations	173,433	195,404
General expenses	59,244	54,113
Depreciation	174,344	147,743
Total Operating Expenses	551,514	541,918
Income (Loss) from Operations	(315,801)	(301,367)
Non Operating Revenues (Expenses)		
Interest earnings	780	1,163
Loss on disposal of assets	0	25
Total Non-Operating Revenues (Expenses)	780	1,188
Income (Loss) before contribution	(315,021)	(300,179)
Capital Contribution	127,196	347,585
Change in net assets	(187,825)	47,406
Total net assets - beginning	1,808,958	1,761,552
Total net assets - ending	\$ 1,621,133	\$ 1,808,958

## EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating, non-operating, and capital contribution revenues decreased \$225,635, or by 38%, from a combination of larger offsetting factors. Reasons for most of this change are listed below

- Total tenant revenue increased by \$1,554, or by 2%, from that of the prior fiscal year due to the amount of rent each tenant pays which is based on a sliding scale of their personal income. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising the overall total. Finally, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) increased by \$3,280, or by 67%.
- Federal revenues from HUD for operations decreased by \$6,392, or by 5%, from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, as well as other factors, and then uses this final result as a basis for determining the grant amount.
- Federal Capital Funds from HUD decreased by \$220,389, or by 58%, from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal year 2010.
- Interest income totaling \$780, did not change significantly from the prior to the current year.

Compared with the prior fiscal year, total operating expenses increased \$9,596, or by 2%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below

- Depreciation expense increased by \$28,601, or by 18%, from that of the prior fiscal year, because there was an increase in capital assets by \$158,261.
- Maintenance and repairs decreased by \$21,971, or by 11%, from that of the prior fiscal year, due to several factors. Repair staff wages increased by \$9,854, and related employee benefit contributions increased by \$5,023. Also, materials used decreased by \$18,019, or by 30%, and contract labor costs decreased by \$18,828, or by 18%.
- General Expenses increased by \$5,130, or by 9%, from that of the prior fiscal year, and payments in lieu of taxes (PILOT) decreased by \$58. PILOT is calculated as a percentage of rent minus utilities which therefore changed proportionately to the changes in each of these, primarily because insurance premiums increased by \$3,411, or by 9%, (since property and casualty insurance premiums increased). Lastly, bad debts decreased by \$538, and compensated absences increased by \$2,315.
- Administrative Expenses decreased by \$3,082, or by 2% from that of the prior fiscal year, due to a combination of offsetting factors. Administrative staff salaries increased by \$4,810, and related employee benefit contributions increased by \$4,042, therefore, total staff salaries and benefit costs increased by 11%. Staff training and travel reimbursements increased by \$2,395, or by 20%, office expenses decreased by \$2,862, or by 11%, and sundry expenses decreased by \$11,467, or by 91%, therefore, other staff administrative expense decreased by 24%.

Housing Authority of Iowa, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2011

- Utilities Expense increased by \$3,102, or by 26%, from that of the prior fiscal year, due to numerous cumulative factors. Water cost decreased by \$0, due to a decrease in consumption by 0% and a decrease in rate by 0%, electricity cost increased by \$219 due to an increase in consumption by 6%, gas cost decreased by \$145 due to a decrease in consumption by 28%, and finally, other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) increased by \$2,884, or by 70%
- Tenant services, totaling \$140, did not change significantly from the prior to the current year

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2011, the Housing Authority had a total cost of \$4,256,878 invested in a broad range of assets and construction in progress from projects funded in 2007 through 2010, listed below. This amount, not including depreciation, represents increases of \$158,261 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation  
As of September 30, 2011**

	<u>2011</u>	<u>2010</u>
Land	\$ 193,000	\$193,000
Construction in progress	76,781	316,161
Buildings	1,162,690	920,804
Leasehold improvements	84,060	94,534
Furniture and equipment	<u>24,757</u>	<u>32,115</u>
Total	<u>1,541,288</u>	<u>1,556,614</u>

As of the end of the 2011 fiscal year, the Authority is still in the process of completing a HUD grant of \$86,311 obtained during the 2010 fiscal year. A total remainder of \$7,654 will be received and spent for completing these projects during fiscal year 2012.

**Debt**

Non-current liabilities also include accrued annual vacation and sick leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations, therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2012 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, 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 Pamela Fontenot, at Public Housing Authority of Iowa, Louisiana, P O Drawer 730, Iowa, LA 70647.

HOUSING AUTHORITY OF IOWA, LOUISIANA  
STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 64,727
Investments	25,241
Accounts receivable net	244
Interest receivable	2
Prepaid items and other assets	17,835
Inventory	143
Restricted assets - cash and cash equivalents	9,950
	<hr/>
Total Current Assets	118,142
	<hr/>
Capital Assets, net	
Land and other non-depreciated assets	269,782
Other capital assets - net of depreciation	1,271,506
	<hr/>
Total Capital Assets, net	1,541,288
	<hr/>
Total Assets	\$ 1,659,430
	<hr/> <hr/>

**LIABILITIES**

Current Liabilities	
Accounts payable	\$ 5,495
Deferred revenue	15
Compensated absences payable	4,293
Accrued PILOT	8,526
Deposits due others	9,950
	<hr/>
Total Current Liabilities	28,279
	<hr/>
Noncurrent Liabilities	
Compensated absences payable	10,018
	<hr/>
Total Liabilities	38,297
	<hr/>

**NET ASSETS**

Invested in capital assets, net of related debt	1,541,288
Unrestricted	79,845
	<hr/>
Net Assets	1,621,133
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Total Liabilities and Net Assets	\$ 1,659,430
	<hr/> <hr/>

See accompanying notes and independent accountant's review report.

HOUSING AUTHORITY OF IOWA, LOUISIANA  
STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET ASSETS

SEPTEMBER 30, 2011

<b>OPERATING REVENUES</b>	
Dwelling rental	\$ 100,293
Governmental operating grants	133,830
Other	1,590
	<hr/>
Total Operating Revenues	235,713
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<b>OPERATING EXPENSES</b>	
Administration	129,319
Tenant services	140
Utilities	15,034
Ordinary maintenance & operations	173,433
General expenses	59,244
Depreciation	174,344
	<hr/>
Total Operating Expenses	551,514
	<hr/>
Income (Loss) from Operations	(315,801)
	<hr/>
Non Operating Revenues (Expenses)	
Interest earnings	780
	<hr/>
Total Non-Operating Revenues (Expenses)	780
	<hr/>
Income (Loss) before contribution	(315,021)
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Capital Contribution	127,196
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Change in net assets	(187,825)
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Total net assets - beginning	1,808,958
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Total net assets - ending	\$ 1,621,133
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See accompanying notes and independent accountant's review report

HOUSING AUTHORITY OF IOWA, LOUISIANA  
STATEMENT OF CASH FLOWS

SEPTEMBER 30, 2011

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Rental receipts	\$ 68,634
Other receipts	4,557
Federal grants	130,914
Payments to vendors	(228,891)
Payments to employees – net	(140,194)
	<hr/>
Net cash provided (used) by operating activities	(164,980)
	<hr/>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital equipment	(159,019)
Federal Capital Grants	127,196
	<hr/>
Net cash provided (used) by capital and related financing activities	(31,823)
	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from investment maturities	91,720
Interest income	786
	<hr/>
Net cash provided (used) by investing activities	92,506
	<hr/>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(104,297)</b>
	<hr/>
<b>CASH AND CASH EQUIVALENTS Beginning of Fiscal Year</b>	<b>178,974</b>
	<hr/>
<b>CASH AND CASH EQUIVALENTS End of Fiscal Year</b>	<b>\$ 74,677</b>
	<hr/> <hr/>

Continued

HOUSING AUTHORITY OF IOWA, LOUISIANA  
STATEMENT OF CASH FLOWS

SEPTEMBER 30, 2011

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

Operating income (loss)	\$	(315,801)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation Expense		174,344
Provision of uncollectible accounts		8
Change in assets and liabilities		
Receivables		(245)
Inventories		61
Prepaid items		2,160
Account payables		5,381
Deferred revenue		(33,913)
Deposits due others		3,025
Net cash provided (used) by operations	\$	<u>(164,980)</u>

Concluded

See accompanying notes and independent accountant's review report

HOUSING AUTHORITY OF IOWA, LOUISIANA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying financial statements of the Housing Authority of the City of Iowa have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY** Housing Authorities are chartered as public corporations under the laws (LSA – R S 40 391) of the State of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Iowa, serve staggered multi-year terms.

The Housing Authority has the following units

PHA Owned Housing	FW 1297	60
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GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

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

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

HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

- 1) Appointing a voting majority of an organization's governing body, and:
  - a) The ability of the government to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority 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 purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the Public Housing Low Rent program and the Capital Fund program.

### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**PROPRIETARY FUNDS** Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

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

HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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

On the Statement of Cash Flows, cash and cash equivalents, end of year, is \$74,677. This is comprised of cash and cash equivalents of \$64,727 and restricted assets – cash of \$9,950, on the statement of net assets.

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

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

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

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

**Definitions**

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

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

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

HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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

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

**I. CAPITAL ASSETS** Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$1,500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years

**J. DEFERRED REVENUES** The Housing Authority reports deferred revenues on its balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

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

**L. POST EMPLOYMENT BENEFITS** The Authority does not recognize or pay any post employment benefits. Accordingly, Governmental Accounting Standards Board (GASB) Statement Number 45 does not apply.

HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**M. 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

**N. USE OF ESTIMATES** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS** The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at September 30, 2011. Deposits are stated at cost, which approximates fair value.

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

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

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

**Restricted Cash** \$9,950 is restricted in the General Fund for security deposits.

At September 30, 2011, the Housing Authority's carrying amount of deposits was \$99,768 and the bank balance was \$102,465, which includes \$25,241 in certificates of deposits classified as investments. Petty cash consists of \$150. Of the bank balance, the entire amount was covered by FDIC Insurance

HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at September 30, 2011, are as follows:

<u>Class of Receivables</u>	
Local sources	
Tenants	\$ 244
	_____
Total	\$ 244
	_____

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Non-depreciable assets</b>				
Land and buildings	\$ 193,000	\$ 0	\$ 0	\$ 193,000
Construction in progress	316,161	0	239,379	76,782
<b>Depreciable assets:</b>				
Buildings	3,473,773	388,166	0	3,861,939
Furniture and equipment	115,683	10,232	758	125,157
Total capital assets	4,098,617	398,398	240,137	4,256,878
<b>Less accumulated depreciation</b>				
Buildings	2,448,730	166,460	0	2,615,190
Furniture and equipment	93,273	7,885	758	100,400
Total accumulated depreciation	2,542,003	174,345	758	2,715,590
<b>Total capital assets, net</b>	\$ 1,556,614	\$ 224,053	\$ 239,379	\$ 1,541,288

HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 5 – ACCOUNTS PAYABLE** The payables at September 30, 2011 are as follows:

Vendors	\$	2,486
Payroll taxes & Retirement withheld		1,971
Utilitites		1,038
		5,495
Total	\$	5,495

**NOTE 6 – COMPENSATED ABSENCES** At September 30, 2011, employees of the Housing Authority have accumulated and vested \$14,311 of employee leave computed in accordance with GASB, Codification Section C60

**NOTE 7 – LONG – TERM OBLIGATIONS** The following is a summary of the long – term obligation transactions for the year ended September 30, 2011

Balance, beginning	\$	10,089
Net Additions		4,222
		14,311
Balance, ending		14,311
Amounts due in one year	\$	4,293

**NOTE 8 – RETIREMENT SYSTEM** The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan on the first day of the month after obtaining age 18 and completing six months of continuous and uninterrupted service.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 6% of his effective compensation, and may make additional contributions. The employer is required to make monthly contributions equal to 8 5% of each participant’s effective compensation.

HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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

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

The Housing Authority made the required contributions of \$10,144 for the year ended September 30, 2011, of which \$5,946 was paid by the Housing Authority and \$4,198 was paid by employees. No payments were made out of the forfeiture account.

#### **NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**Commitments** On October 1, 2009, the Authority entered into an Employment agreement with the Executive Director. The agreement is for five years. The agreement may be renewed for an additional five years, upon approval by the Board of Commissioners. However, the agreement may be terminated sooner, by either party.

The Board must give due notice and follow certain procedures to terminate the Executive Director for cause. In such event, the Executive Director must be paid salary earned through termination, plus accrued annual leave and other benefits, provided the Authority's reserve does not go below 40%.

The Board may also terminate the Executive Director without cause, when in its judgment; such termination is in the best interest of the Authority. In such event the Director is to be paid the remaining salary for the unexpired portion of the five year contract, plus accrued annual leave and other benefits.

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

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

**Construction Projects** There are certain renovation or construction projects in progress at September 30, 2011. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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

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

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

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

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

**NOTE 10 – ECONOMIC DEPENDENCE** The Department of Housing and Urban Development provided \$261,026 to the Housing Authority, which represents approximately 69% of the Housing Authority's total revenue and capital contributions for the year.

**NOTE 11 – SUBSEQUENT EVENTS** Management has evaluated events and transactions subsequent to the statement of net assets sheet date through the date of the independent auditor's report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

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Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Board of Commissioners  
Housing Authority of Iowa  
Iowa, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Housing Authority of Iowa, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about compliance with certain laws and regulations during the year ended September 30, 2011 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

***Public Bid Law***

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law)

There were no expenditures that exceeded \$20,000

***Code of Ethics for Public Officials and Public Employees***

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families

Management provided us with the required list including the noted information

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

### ***Budgeting***

- 5 Obtained a copy of the legally adopted budget and all amendments

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

- 6 Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on September 29, 2010 which indicated that the budget had been adopted by the commissioners by unanimous consensus. The budget revision was approved by the board on April 15, 2011.

- 7 Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues were within 5% of budgeted amounts. Expenditures for the year did not exceed budgeted amounts by more than 5%.

### ***Accounting and Reporting***

8. Randomly select a minimum of 6 disbursements made during the period under examination and:

- a) trace payments to supporting documentation as to proper amount and payee,

We examined supporting documentation for each of the twenty selected disbursements (excluding payroll that was also reviewed) and found that payment was for the proper amount and made to the correct payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and  
All of the payments were properly coded to the correct fund and general ledger account

- c) determine whether payments received approval from proper authorities

- d) Inspection documentation supporting each of the twenty selected disbursements indicated approvals from the Executive Director and the chairman of the Board of Commissioners.

### ***Meetings***

- 9 Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42 1 through 42 12 (the open meetings law). The PHA is publishing the proceedings of its meetings in a local newspaper

The Housing Authority of Iowa is only required to post a notice of each meeting and the accompanying agenda on the door of the PHA's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

### ***Debt***

- 10 Examine bank deposits for the period under examination to determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or like indebtedness

### ***Advances and Bonuses***

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances or gifts.

A reading of the minutes of the Authority for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Our prior year report, dated March 28, 2011 did not include any comments or unresolved matters

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for use of management of the Housing Authority and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24 513, this report is distributed by the Legislative Auditor as a public document

*Mike Estes, P.C.*

Mike Estes, P C  
Fort Worth, Texas  
March 15, 2012

HOUSING AUTHORITY OF IOWA, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2011

Prior Findings

None

Current Findings

None

**SUPPLEMENTARY INFORMATION**

HOUSING AUTHORITY OF IOWA, LOUISIANA  
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED SEPTEMBER 30, 2011

CASH BASIS

	2007 Capital Fund	2008 Capital Fund	2009 Capital Fund	2009 Capital Fund Recovery Grant
Funds approved	\$ 88,920	\$ 87,057	\$ 86,603	\$ 110,196
Funds expended	88,920	87,057	86,603	110,196
Excess of funds approved	\$ 0	\$ 0	\$ 0	\$ 0
Funds advanced	\$ 88,920	\$ 87,057	\$ 86,603	\$ 110,196
Funds expended	88,920	87,057	86,603	110,196
Excess (Deficiency) of funds advanced	\$ 0	\$ 0	\$ 0	\$ 0

- 1 The Actual Modernization Costs are as follows
2. The distribution of costs by project as shown on the Final Statements of Modernization Costs all dated April 11, 2011, accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records
3. All modernization costs have been paid and all related liabilities have been discharged through payment

See independent accountant's review report

HOUSING AUTHORITY OF IOWA, LOUISIANA  
STATEMENT OF MODERNIZATION COSTS -- UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2011

CASH BASIS

		2010 Capital Fund
Funds approved	\$	86,311
Funds expended		78,657
Excess of funds approved	\$	7,654
Funds advanced	\$	78,657
Funds expended		78,657
Excess (Deficiency) of funds advanced	\$	0

See independent accountant's review report.

HOUSING AUTHORITY OF IOWA, LOUISIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2011

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14 850a	\$ 130,755
Capital Fund Program	14.872	97,983
Total United States Department of Housing and Urban Development		\$ 228,738
Total Expenditures of Federal Awards		\$ 228,738

See independent accountant's review report

HOUSING AUTHORITY OF IOWA, LOUISIANA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2011

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

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

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

	<u>Federal Sources</u>
Enterprise funds.	
Governmental operating grants	\$ 133,830
Capital contributions	<u>94,908</u>
Total	<u>\$ 228,738</u>

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

See independent accountant’s review report

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

March 15, 2012 (Date Transmitted)

\_\_\_\_\_  
 Mike Estes, P.C.  
 4200 Airport Freeway #100  
 Fort Worth, Texas 76117 (Auditors)

In connection with your compilation of our financial statements as of September 30, 2011 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of March 15, 2012.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office,

Yes [ X ] No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LAS-RS 42:1101-1124.

Yes [ X ] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [ X ] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [ X ] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [ X ] No [ ]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [ X ] No [ ]

We have had our financial statements audited or compiled in accordance with LAS-RS 24:513.

Yes [ X ] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [ X ] No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65

Yes [ X ] No [ ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14.138, and AG opinion 79-729.

Yes [ X ] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Pamela Fontenot Executive Director March 15, 2012 Date