

Housing Authority of the Town of St. Martinville

St. Martinville, Louisiana

**Annual Financial Report
As of and for the Year Ended March 31, 2006**

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 10-11-06

HOUSING AUTHORITY OF THE TOWN OF ST. MARTINVILLE

St. Martinville, Louisiana

Basic Financial Statements

As of and for the Fiscal Year Ended March 31, 2006

With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of St. Martinville
St. Martinville, Louisiana

I have audited the accompanying basic financial statements of the Housing Authority of the Town of St. Martinville (the authority) as of and for the year ended March 31, 2006, which collectively comprise the authority's basic financial statements. These basic financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the Town of St. Martinville as of March 31, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 23, 2006 on my consideration of the authority's internal control over financial reporting and on my 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 my audit.

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St. Martinville, Louisiana
Independent Auditor's Report, 2006
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The management's discussion and analysis listed in the table of contents, is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements which collectively comprise the authority's basic financial statements. The Financial Data Schedule and other supplementary information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Authority. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

August 23, 2006

HOUSING AUTHORITY OF ST. MARTINVILLE, LOUISIANA
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2006

Housing Authority of St. Martinville, Louisiana

Management's Discussion and Analysis (MD&A)
March 31, 2006

The management of Public Housing Authority of St. Martinville, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending March 31, 2006. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's audited 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 \$1,564,335 at the close of the fiscal year ended 2006.
 - ✓ Of this amount \$1,245,947 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ The remainder of \$318,388 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 49% of the total operating expenses of \$647,010 for the fiscal year 2006, which means the Authority might be able to operate about 6 months using the unrestricted assets alone, which has improved from that of the prior fiscal year.
- The Housing Authority's total net assets increased by \$42,802, a 3% change from the prior fiscal year 2005. This decrease is attributable primarily to depreciation, the Authority's largest non-cash expense, described in more detail below.
- The Authority spent \$142,829 on capital asset additions and \$59,359 on construction in progress during the current fiscal year.
- These changes led to a increase in total assets by \$43,304 and an increase in total liabilities by \$503. However, as another measure of financial health, there are still over \$5 of current assets covering each dollar of total 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 2006?" 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 Program
- Capital Fund Program

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.

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.

Housing Authority of St. Martinville, Louisiana
Management's Discussion and Analysis (MD&A)
March 31, 2006

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 \$1,564,335 as of March 31, 2006. Of this amount, \$1,245,947 was invested in capital assets, and the remaining \$318,388 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet
(Excluding Interfund Transfers)
As of March 31,

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets	\$403,488	\$367,540
Capital Assets, Net of Depreciation	1,245,947	1,238,589
Total Assets	<u>1,649,435</u>	<u>1,606,130</u>
LIABILITIES		
Current Liabilities	70,043	69,243
Non-Current Liabilities	15,057	15,354
Total Liabilities	<u>85,100</u>	<u>84,597</u>
NET ASSETS		
Invested in Capital Assets, Net of Depreciation	1,245,947	1,238,590
Unrestricted Net Assets	318,388	282,943
Total Net Assets	<u>1,564,335</u>	<u>1,521,533</u>
Total Liabilities and Net Assets	<u>1,649,435</u>	<u>1,606,130</u>

Housing Authority of St. Martinville, Louisiana
 Management's Discussion and Analysis (MD&A)
 March 31, 2006

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds decreased by \$42,802 or by 3%, from those of fiscal year 2005, 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
 (Excluding Interfund Transfers)
 Fiscal Year Ended March 31,**

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES		
Rental Revenue	\$259,461	\$242,468
Federal Grants - Operating	165,514	146,342
Other Tenant Revenue	51,365	46,885
	<u>476,340</u>	<u>435,695</u>
OPERATING EXPENSES		
Depreciation	194,274	187,952
Ordinary maintenance and repairs	140,847	136,865
Administration	137,211	132,900
Utilities	111,810	90,565
General	62,868	74,300
	<u>647,010</u>	<u>622,582</u>
(Losses) from Operations	<u>(170,670)</u>	<u>(186,887)</u>
NON-OPERATING REVENUES		
Federal Grants - Capital	202,188	116,869
Other Revenue	8,725	12,090
Interest and Investment Income	3,115	1,690
	<u>214,028</u>	<u>130,649</u>
NON-OPERATING EXPENSES		
Casualty Losses	<u>-</u>	<u>737</u>
NET (DECREASES) IN NET ASSETS	<u>43,358</u>	<u>(56,975)</u>
NET ASSETS, Beginning of Year, as restated	<u>1,520,977</u>	<u>1,578,508</u>
NET ASSETS, End of Year	<u>1,564,335</u>	<u>1,521,533</u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues increased \$124,024, or by 22%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Federal Capital Funds from HUD increased by \$85,318, or by 73% 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 years 2001 through 2005, and submitted a new grant during fiscal year 2006.
- Total tenant revenue increased by \$21,473, or by 8% from that of the prior fiscal year, due to two major factors: Tenant rental revenues increased by \$16,993, or by 8%, despite the fact that occupancy rates decreased by 2%, because the amount of rent each tenant pays 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 \$4,480.
- Federal revenues from HUD for operations increased by \$19,172, or by 13% 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, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly, lowering the overall total.
- Total other non-operating revenue decreased by \$3,365, or by 28% from that of the prior fiscal year from a combination of components: Other revenue decreased by 28%, because the Authority received proceeds from casualty insurance claims in the prior fiscal year, but none in the current year.
- Interest income increased by \$1,425, or by 84% from that of the prior fiscal year, because unrestricted interest income increased by \$1,425, or by 84%, even though the Authority spent available cash more on capital assets than on temporary investments.

Compared with the prior fiscal year, total operating and non-operating expenses increased \$23,690, or by 4%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Utilities Expense increased by \$21,244, or by 23% from that of the prior fiscal year from a combination of components: Water cost increased by \$906, due to an increase in consumption by 12% and an increase in rate by 4%. Electricity cost increased by \$19,446, due to an increase in consumption by 2% and an increase in rate by 22%. Finally, other utilities expense (such as garbage, sewage, and waste removal) increased by \$867, or by 15%.
- General Expenses decreased by \$11,433, or by 15% from that of the prior fiscal year, primarily because insurance premiums decreased by \$9,721, or by 19%. In addition, uncollectible rents from vacated units decreased by \$1,735, or by 51%.

Housing Authority of St. Martinville, Louisiana
 Management's Discussion and Analysis (MD&A)
 March 31, 2006

- Depreciation expense increased by \$6,322, or by 4% from that of the prior fiscal year, because there was an increase in capital assets by \$202,188.
- Administrative Expenses increased by \$4,311, or by 3% from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$3,905, or by 6%, and related employee benefit contributions increased by \$5,563, or by 23%, but staff vacation and sick leave pay decreased by \$6,073, or by 102%; therefore, total staff salaries and benefit costs increased by 3%. In addition,, and audit fees increased by \$770, or by 10%, accounting fees increased by \$1,388, or by 45%, but legal fees decreased by \$760, or by 100%; thus, total outside professional fees increased by 12%. Finally, staff travel reimbursements increased by \$887, or by 72%, and staff training costs increased by \$232, or by 24%, but sundry expenses decreased by \$1,602, or by 9%; therefore, other staff administrative expense decreased by 2%.
- Maintenance and repairs increased by \$3,982, or by 2% from that of the prior fiscal year, due to several offsetting factors: Repair staff wages increased by \$2,051, or by 4%, and related employee benefit contributions increased by \$3,768, or by 21%, and contract labor costs increased by \$1,893, or by 4%. However, materials used decreased by \$3,731, or by 17%.
- Casualty losses, totaling \$737 in the prior fiscal year, were not incurred in the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2006, the Housing Authority had a total cost of \$4,960,326 invested in a broad range of assets and construction in progress from projects funded in 2001 through 2005, listed below. This amount, not including depreciation, represents increases of \$202,188 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 March 31, 2006**

	<u>2006</u>	<u>2005</u>
Land	79,570	\$79,570
Construction in Progress	59,359	152,448
Buildings	948,215	826,465
Leasehold Improvements	119,324	132,430
Furniture and Equipment	<u>39,478</u>	<u>47,675</u>
Total	<u>1,245,946</u>	<u>1,238,588</u>

Housing Authority of St. Martinville, Louisiana
Management's Discussion and Analysis (MD&A)
March 31, 2006

As of the end of the 2006 fiscal year, the Authority is still in the process of completing HUD grants of \$750,993 obtained during 2001 through 2005 fiscal years. A total remainder of \$330,862 will be received and spent for completing these projects.

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 2006 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 Larry Pratt, Executive Director, at Public Housing Authority of St. Martinville; P.O. Box 913; Saint Martinville, LA 70582.

		Exhibit A
Housing Authority of the Town of St Martinville		
St. Martinville, Louisiana		
Statement of Net Assets		
As of March 31, 2006		
ASSETS		
Current assets		
Cash and cash equivalents		\$ 296,578
Investments		10,000
Receivables:		
HUD		54,018
Tenant rents, net of allowance		326
Accrued interest receivable		1,478
Prepaid insurance		4,445
Inventory, net of allowance		6,296
Total current assets		373,141
Restricted assets		
Cash and cash equivalents		30,347
Noncurrent assets		
Capital assets:		
Nondepreciable capital assets:		
Land		79,570
Construction in progress		59,359
Total nondepreciable capital assets		138,929
Depreciable capital assets:		
Buildings and improvements		4,629,912
Furniture and equipment		191,486
Less accumulated depreciation		(3,714,380)
Total depreciable capital assets, net of accumulated depreciation		1,107,018
Total capital assets, net of accumulated depreciation		1,245,947
Total assets		1,649,435
LIABILITIES		
Current Liabilities		
Accounts payable		11,013
Payable to other governments		19,902
Accrued wages payable		1,851
Accrued compensated absences		5,187
Deferred revenue		1,743
Total current liabilities		39,696
Liabilities Payable from Restricted Assets		
Security deposit liability		30,347
Noncurrent liabilities		
Accrued compensated absences		15,057
Total noncurrent liabilities		15,057
Total liabilities		85,100
NET ASSETS		
Invested in capital assets, net of related debt		1,245,947
Unrestricted		318,388
Total net assets		\$ 1,564,335
The accompanying notes are an integral part of these financial statements.		

	Exhibit B
Housing Authority of the Town of St Martinville	
St. Martinville, Louisiana	
Statement of Revenues, Expenses, and Changes in Net Assets	
For Fiscal Year Ended March 31, 2006	
Operating Revenues	
Public housing operating subsidy	\$ 135,589
Operating Grants	29,925
Dwelling Rental	259,461
Other Operating	51,365
Total operating revenues	476,340
Operating Expenses	
General and administrative	200,079
Repairs and maintenance	140,847
Utilities	111,810
Depreciation and amortization	194,274
Total operating expenses	647,010
Operating income (loss)	(170,670)
Nonoperating Revenues (Expenses):	
Capital grants	202,188
Interest revenue	3,115
Miscellaneous revenues	8,725
Total nonoperating revenues (expenses)	214,028
Change in net assets	43,358
Net assets, beginning of year, as restated	1,520,977
Net assets, end of year	\$1,564,335
The accompanying notes are an integral part of these financial statements.	

**Housing Authority of the Town of St Martinville
Statement of Cash Flows
For Fiscal Year Ended March 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 165,514
Receipts from tenants	310,826
Payments to suppliers	(249,020)
Payments to employees	(179,487)
Net cash provided by operating activities	<u>47,833</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	<u>8,725</u>
Net cash provided by noncapital financing activities	<u>8,725</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grants	149,836
Purchase and construction of capital assets	<u>(202,188)</u>
Net cash (used in) capital and related financing activities	<u>(52,352)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>3,115</u>
Net cash provided by investing activities	<u>3,115</u>
Net (decrease) in cash and cash equivalents	<u>7,321</u>
Cash and cash equivalents - beginning of year	<u>289,257</u>
Cash and cash equivalents - end of year	<u>\$ 296,578</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (170,670)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	194,274
Changes in assets and liabilities:	
HUD receivable	
Intergovernmental receivable, net	
Tenant rents, net of allowance	(326)
Miscellaneous receivables	(861)
Prepaid insurance	30,319
Inventories	(5,058)
Restricted assets	(347)
Accounts payable	2,702
Accrued wages payable	1,851
Accrued compensated absences	(105)
HUD liability	23
Other liability	(873)
Security deposit liability	347
Deferred revenues	<u>(3,443)</u>
Net cash provided by operating activities	<u>\$ 47,833</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE TOWN OF ST. MARTINVILLE

St. Martinville, Louisiana

Notes to the Financial Statements

For Fiscal Year Ended March 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the authority 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.

(1) Reporting Entity

The Housing Authority of The Town of St. Martinville (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the Town of St. Martinville, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally of other state and local governments. As used in GASB 14, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The authority has no component units, defined by GASB 14 as other legally separate organizations for which the elected authority members are financially accountable.

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

(2) Funds

The accounts of the 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 is maintained consistent with legal and managerial requirements.

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD operating grants and subsidies, and tenant dwelling rents. Operating expenses include general and administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, Basic Financial Statements and Managements discussion and Analysis - for State and Local Governments, which was unanimously approved in June 1999 by the GASB.

(3) 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 management focus all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

(4) New Accounting Standards Adopted

During the year ended September 30, 2005, the Authority adopted Statement #40, "Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)", of financial accounting standards issued by the Government Accounting Standards Board (GASB).

(5) Assets, liabilities, and net assets

(a) Deposits and Investments

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

Investments:

Investments include deposits with original maturities exceeding 90 days. The investments are reflected at fair value except for the following which are required/permitted as per GASB 31:

1. 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.
2. The authority reported at amortized cost money market investments and participating interest-earning investment contract 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 US Treasury obligations.

(b) Inventory and prepaid items

All inventories are valued on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

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

(c) Restricted Assets

Cash equal to the amount of tenant security deposits is reflected as restricted.

(d) Capital assets

Capital assets of the authority are included in the statement of net assets and are recorded at actual cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

Property, plant, and equipment of the Authority are depreciated using the straight line method over the following estimated useful lives:

Buildings	33 years
Modernization and improvements	15 years
Furniture and equipment	3-7 years

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for HUD grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At March 31, 2006, the management of the authority determined that an allowance for doubtful accounts amount was not considered necessary.

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," vacation and sick pay is accrued when incurred and reported as a liability.

Depending on length of service, employees earn from 88 to 177 hours per year in annual leave and sick leave. Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned.

(h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 government-wide financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – DEPOSITS AND INVESTMENTS

Deposits are stated at cost, which approximates fair value. Under state law and/or federal regulation, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of federal securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of March 31, 2006, the authority's carrying amount of deposits was \$336,925, which includes the following:

Housing Authority of the Town of St. Martinville
 St. Martinville, Louisiana
 Notes to the Financial Statements, 2006 – continued

Cash - unrestricted	\$296,578
Cash - restricted	30,347
Investments	10,000
Total cash and cash equivalents	<u>\$336,925</u>

Interest Rate Risk - The authority's policy does not address interest rate risk.

Credit Rate Risk - Since all of the authority's deposits are federally insured and/or backed by federal securities, the authority does not have credit rate risk.

Custodial Credit Risk - This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. Of the Authority's total cash and cash equivalents deposits, \$231,366 were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$119,017 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The total bank balances at March 31, 2006 was \$350,383.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2006 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Nondepreciable Assets:					
Land	\$ 79,570	\$ -	\$ -	\$ -	\$ 79,570
Construction in Progress	152,447	59,359	-	(152,447)	59,359
Subtotal	232,017	59,359	-	(152,447)	138,929
Depreciable Assets:					
Buildings and improvements	4,343,994	133,469		152,447	4,629,910
Furniture & Equipment	182,127	9,360			191,487
Subtotal	4,526,121	142,829	-	152,447	4,821,397
Total Assets	4,758,138	202,188	-	-	4,960,326
Less Accumulated Depreciation:					
Buildings and improvements	3,385,098	176,717		556	3,562,371
Furniture & Equipment	134,452	17,557			152,009
Subtotal	3,519,550	194,274	-	556	3,714,380
Net Capital Assets	\$1,238,588	\$ 7,914	\$ -	\$ (556)	\$1,245,946

NOTE D - CONSTRUCTION COMMITMENTS

The authority has active construction projects as of March 31, 2006. At year end, the commitments with contractors are as follows:

<u>Projects</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
CFP 2003	\$117,036	\$38,896
CFP 2004	57,409	125,061
CFP 2005	4,600	166,905
Total	<u>179,045</u>	<u>330,862</u>

NOTE E - COMPENSATED ABSENCES

At March 31, 2006, employees of the authority have accumulated and vested \$20,244 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements, of which \$15,057 is reported in long-term debt.

NOTE F - RETIREMENT PLAN

The authority participates in the Louisiana Housing Council Group Retirement Plan, administered by Broussard, Bush and Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities which are members of the Louisiana Housing Council. Through this plan, the authority provides pension benefits for all of its full-time employees. All full-time employees who have attained age 18 are eligible to participate in the plan on the first day of the month after completing three months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 8 percent (8%) of each participant's basic (excludes overtime) compensation. Employees are required to contribute 5.5 percent (5.5%) of their annual covered salary.

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

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday. Early retirement may be elected on the first day of any month within 10 years of the employee's normal retirement date, provided the employee has completed five years of service with the authority. With the authority's consent, employees may defer retirement to the first day of any month beyond normal retirement date.

The authority's total payroll for the year ended March 31, 2006, was \$137,945. The authority's contributions were calculated using the base salary amount of \$109,360. The authority made the required contributions of \$8,754 for the year ended March 31, 2006.

NOTE G - RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE H - FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE I - ECONOMIC DEPENDENCE

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$367,702 to the authority, which represents approximately 53.26% of the authority's total revenue for the year.

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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
Housing Authority of the Town of St. Martinville
St. Martinville, Louisiana

I have audited the financial statements of the Housing Authority of the Town of St. Martinville, (the authority), as of and for the year ended March 31, 2006, which collectively comprise the authority's basic financial statements and have issued my report thereon dated August 23, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I 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

Housing Authority of the Town of St. Martinville
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was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, identified as Finding 2006-1.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

August 23, 2006

Housing Authority of the Town of St. Martinville
St. Martinville, Louisiana
Schedule of Current Audit Findings and Questioned Costs
Fiscal Year Ended March 31, 2006

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the authority.
2. No reportable conditions required to be reported in the 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* were disclosed during the audit of the financial statements.
3. One instance of noncompliance material to the financial statements of the authority, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.

Findings – Financial Statements Audit:

Finding 2006-1

Program - Entity wide

Condition - The agency hosted a Christmas party at a local restaurant. Those in attendance included board of commission members and agency staff. Each attendee was allowed to invite one person. Alcohol was served.

Criteria - Per Article 7 Section 14 of the State Constitution "...things of value...shall not be...donated to or for any person..."

Cause - Agency staff indicates that they were not aware that hosting a Christmas party was in violation of the State Constitution.

Affect - The agency violated the State Constitution.

Questioned Cost - \$522.38

Housing Authority of the Town of St. Martinville
St. Martinville, Louisiana
Schedule of Prior Year Audit Findings
Fiscal Year Ended March 31, 2006

None

Housing Authority of the Town of St. Martinville
St. Martinville, Louisiana
Schedule of Corrective Action Plan for Current Year Audit Findings
Fiscal Year Ended March 31, 2006

Findings – Financial Statements Audit:

Finding 2006-1

Action Planned - We did not knowingly or intentionally violate the State Constitution. We will ensure that all future activities of the agency are in compliance with the State Constitution and the Revised Statutes.

Person Responsible - Larry Pratt

Anticipated Completion Date - September 21, 2006

Housing Authority of the Town of St. Martinville
St. Martinville, Louisiana
Schedule of Compensation Paid Board Members
For Fiscal Year Ended March 31, 2006

Board members serve without compensation.

Housing Authority of the Town of St. Martinville
 St. Martinville, Louisiana
 Financial Data Schedule, Continued
 For Fiscal Year Ended March 31, 2006

PHA: LA040 FYED: 03/31/2006

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund	Total
111	Cash - Unrestricted	\$296,578	\$0	\$296,578
114	Cash - Tenant Security Deposits	\$30,347	\$0	\$30,347
100	Total Cash	\$326,925	\$0	\$326,925
122	Accounts Receivable - HUD Other Projects	\$0	\$54,018	\$54,018
126	Accounts Receivable - Tenants - Dwelling Rents	\$326	\$0	\$326
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
129	Accrued Interest Receivable	\$1,478	\$0	\$1,478
120	Total Receivables, net of allowances for doubtful accounts	\$1,804	\$54,018	\$55,822
131	Investments - Unrestricted	\$10,000	\$0	\$10,000
142	Prepaid Expenses and Other Assets	\$4,445	\$0	\$4,445
143	Inventories	\$6,296	\$0	\$6,296
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0
144	Interprogram Due From	\$54,018	\$0	\$54,018
150	Total Current Assets	\$403,488	\$54,018	\$457,506
161	Land	\$79,570	\$0	\$79,570
162	Buildings	\$3,826,464	\$284,960	\$4,111,424
163	Furniture, Equipment & Machinery - Dwellings	\$82,514	\$33,736	\$116,250
164	Furniture, Equipment & Machinery - Administration	\$48,458	\$26,778	\$75,236
165	Leasehold Improvements	\$517,531	\$957	\$518,488
166	Accumulated Depreciation	(\$3,660,202)	(\$54,178)	(\$3,714,380)
167	Construction In Progress	\$0	\$59,359	\$59,359
160	Total Fixed Assets, Net of Accumulated Depreciation	\$894,335	\$351,612	\$1,245,947
180	Total Non-Current Assets	\$894,335	\$351,612	\$1,245,947
190	Total Assets	\$1,297,823	\$405,630	\$1,703,453

Schedule 5

Housing Authority of the Town of St. Martinville
 St. Martinville, Louisiana
 Financial Data Schedule, Continued
 For Fiscal Year Ended March 31, 2006

PHA: LA040 FYED: 03/31/2006

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$11,013	\$0	\$11,013
321	Accrued Wage/Payroll Taxes Payable	\$1,851	\$0	\$1,851
322	Accrued Compensated Absences - Current Portion	\$5,187	\$0	\$5,187
333	Accounts Payable - Other Government	\$19,902	\$0	\$19,902
341	Tenant Security Deposits	\$30,347	\$0	\$30,347
342	Deferred Revenues	\$1,743	\$0	\$1,743
347	Interprogram Due To	\$0	\$54,018	\$54,018
310	Total Current Liabilities	\$70,043	\$54,018	\$124,061
354	Accrued Compensated Absences - Non Current	\$15,057	\$0	\$15,057
350	Total Noncurrent Liabilities	\$15,057	\$0	\$15,057
300	Total Liabilities	\$85,100	\$54,018	\$139,118
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$894,335	\$351,612	\$1,245,947
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$318,388	\$0	\$318,388
513	Total Equity/Net Assets	\$1,212,723	\$351,612	\$1,564,335
600	Total Liabilities and Equity/Net Assets	\$1,297,823	\$405,630	\$1,703,453
703	Net Tenant Rental Revenue	\$259,461	\$0	\$259,461
704	Tenant Revenue - Other	\$51,365	\$0	\$51,365
705	Total Tenant Revenue	\$310,826	\$0	\$310,826
706	HUD PHA Operating Grants	\$135,589	\$29,925	\$165,514
706.1	Capital Grants	\$0	\$202,188	\$202,188
711	Investment Income - Unrestricted	\$3,115	\$0	\$3,115
715	Other Revenue	\$8,725	\$0	\$8,725
720	Investment Income - Restricted	\$0	\$0	\$0
700	Total Revenue	\$458,255	\$232,113	\$690,368

Schedule 5

Housing Authority of the Town of St. Martinville
 St. Martinville, Louisiana
 Financial Data Schedule, Continued
 For Fiscal Year Ended March 31, 2006

PHA: LA040 FYED: 03/31/2006

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$73,652	\$0	\$73,652
912	Auditing Fees	\$8,770	\$0	\$8,770
914	Compensated Absences	(\$105)	\$0	(\$105)
915	Employee Benefit Contributions - Administrative	\$30,245	\$0	\$30,245
916	Other Operating - Administrative	\$24,325	\$324	\$24,649
931	Water	\$6,389	\$0	\$6,389
932	Electricity	\$98,302	\$0	\$98,302
933	Gas	\$567	\$0	\$567
938	Other Utilities Expense	\$6,552	\$0	\$6,552
941	Ordinary Maintenance and Operations - Labor	\$53,585	\$0	\$53,585
942	Ordinary Maintenance and Operations - Materials and Other	\$16,790	\$2,010	\$18,800
943	Ordinary Maintenance and Operations - Contract Costs	\$42,913	\$3,544	\$46,457
945	Employee Benefit Contributions - Ordinary Maintenance	\$22,005	\$0	\$22,005
961	Insurance Premiums	\$41,323	\$0	\$41,323
963	Payments in Lieu of Taxes	\$19,902	\$0	\$19,902
964	Bad Debt - Tenant Rents	\$1,643	\$0	\$1,643
969	Total Operating Expenses	\$446,858	\$5,878	\$452,736
970	Excess Operating Revenue over Operating Expenses	\$11,397	\$226,235	\$237,632
974	Depreciation Expense	\$165,545	\$28,729	\$194,274
900	Total Expenses	\$612,403	\$34,607	\$647,010
1001	Operating Transfers In	\$24,048	\$0	\$24,048
1002	Operating Transfers Out	0	(24,048)	(24,048)
1010	Total Other Financing Sources (Uses)	24,048	(24,048)	0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(130,100)	173,458	43,358

Schedule 5

Housing Authority of the Town of St. Martinville
 St. Martinville, Louisiana
 Financial Data Schedule, Continued
 For Fiscal Year Ended March 31, 2006

PHA: LA040 FYED: 03/31/2006

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$1,178,026	\$343,507	\$1,521,533
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$164,797	(\$165,353)	(\$556)
1120	Unit Months Available	1,486	0	1,486
1121	Number of Unit Months Leased	1,374	0	1,374