

**HOUSING AUTHORITY OF LAKE PROVIDENCE**  
**REPORT ON EXAMINATION OF**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**  
**TWELVE MONTHS ENDED SEPTEMBER 30, 2004**

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 4/6/05

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

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**HOUSING AUTHORITY OF LAKE PROVIDENCE**

**REPORT ON EXAMINATION OF**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**

**TWELVE MONTHS ENDED SEPTEMBER 30, 2004**

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MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners  
Housing Authority of Lake Providence  
Lake Providence, Louisiana

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of Lake Providence, Louisiana as of and for the year ended September 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lake Providence, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of Lake Providence, Louisiana, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2005, on our consideration of the Housing Authority of Lake Providence, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

The accompanying Financial Data Schedules required by HUD are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Estes, P.C.  
Fort Worth, Texas  
January 26, 2005

**HOUSING AUTHORITY OF TOWN OF LAKE PROVIDENCE, LOUISIANA**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**SEPTEMBER 30, 2004**

The management of the Housing Authority of Town of Lake Providence, Louisiana presents the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending September 30, 2004. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which follows.

### FINANCIAL HIGHLIGHTS

- The Housing Authority's assets exceeded its liabilities by \$1,727,639 at the close of the fiscal year ended 2004.
  - ✓ Of this amount, \$78,516 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 12% of the total operating expenses for the fiscal year 2004, which means the Authority could operate about 1 month using the unrestricted assets alone.
  - ✓ The remainder of \$1,649,123 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
- The Housing Authority's total net assets decreased by \$88,361, a 5% change from the prior fiscal year 2003. This decrease is attributable to depreciation expense, the Authority's largest non-cash expense, described in more detail below.
- The Authority spent \$25,487 on significant capital asset additions and \$91,631 on construction in progress for remodeling.
- 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.

### **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 2004?" 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 funds, the Low Rent Housing Program and Public Housing Capital Fund Program.

The Housing Authority's auditors provided assurance in their independent auditors' report, located immediately preceding the MD&A, 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.

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.

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Housing Authority of Town of Lake Providence, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2004

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**FINANCIAL ANALYSIS**

The Housing Authority's net assets were \$1,727,639 as of June 30, 2004. Of this amount, \$1,649,123 was invested in capital assets, and the remaining \$78,516 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

**CONDENSED FINANCIAL STATEMENTS**

**Condensed Balance Sheet**

**As of September 30, 2004**

**ASSETS**

Current Assets	\$ 132,881
Capital Assets, Net of Depreciation	<u>1,649,123</u>
Total Assets	<u>1,782,004</u>

**LIABILITIES**

Current Liabilities	38,797
Non-Current Liabilities	<u>15,568</u>
Total Liabilities	<u>54,365</u>

**NET ASSETS**

Invested in Capital Assets	1,649,123
Unrestricted	<u>78,516</u>
Total Net Assets	<u>1,727,639</u>
Total Liabilities and Net Assets	<u>1,782,004</u>

Housing Authority of Town of Lake Providence, Louisiana  
 Management's Discussion and Analysis (MD&A)  
 September 30, 2004

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The net assets of these funds decreased by \$88,361, or by 5%, from those of fiscal year 2003, 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, 2004**

<b>OPERATING REVENUES</b>	
Rental Revenue	\$ 168,785
Other Tenant Revenue	15,640
	184,425
<b>OPERATING EXPENSES</b>	
Administration	153,477
Tenant Services	188
Utilities	52,838
Ordinary maintenance and operations	212,531
General and Other	73,765
Depreciation	180,926
Extraordinary Maintenance	3,100
	676,825
Total Operating Expenses	676,825
(Loss) from Operations	(492,400)
<b>NON-OPERATING REVENUES</b>	
Federal Grants - Operating	310,916
Federal Grants - Capital	91,631
Interest Income and Other Revenue	1,492
	404,039
Total Non-Operating Revenues	404,039
<b>NET (DECREASE) IN NET ASSETS</b>	(88,361)
<b>NET ASSETS, Beginning of Year</b>	1,816,000
<b>NET ASSETS, End of Year</b>	1,727,639

The decrease in net assets of these funds was accompanied by a decrease in unrestricted cash by \$30,818 from fiscal year 2003, primarily due to expenditures for capital assets.

In future years, a comparative analysis of Authority-wide data with the prior year will be presented. (A comparative analysis for the current year is not required by accounting standards followed by the Authority.)

Compared with the prior fiscal year, total revenues decreased \$749,565, or by 56%. Reasons for this change are listed below in order of impact from greatest to least:

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Housing Authority of Town of Lake Providence, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2004

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- A \$671,960 decrease in funding from HUD for capital projects, plus a decrease of \$6,505 in funding from HUD for operations, for an overall net decrease of 63% in funding from HUD from fiscal year 2003. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal year 2003, and submitted a new grant during fiscal year 2004.
- Other income decreased by \$78,164, or by 93% from fiscal year 2003, because the Authority received insurance claims proceeds in the prior fiscal year from fire damage, but none during the current fiscal year.
- Rental revenues increased by \$7,170, or by 4%, due to an increase in occupancy by 3%, and some turnover in tenants.

Compared with the prior fiscal year, total expenses decreased \$127,790, or by 16%. Again, reasons for this change are listed below in order of impact from greatest to least:

- Casualty losses decreased by \$117,617, or by 97% from the prior year, because fire damage occurred in the prior fiscal year, but very little in the current year other than some additional damages related to the prior year.
- Depreciation Expense decreased by \$39,379, or by 18% from the prior year, because the current capital assets are nearing the end of their estimated useful lives, and during 2004 there were only \$25,487 in new capital asset additions.
- Ordinary maintenance and repairs increased by \$10,318, or by 5% from the prior year, due to an increase in staff labor and related benefits by 14% from hiring a new worker, and an increase in materials usage by 20%. Consequently, there was a related decrease in contract labor by 19%.
- General Expense increased by \$7,284, or by 11% from the prior year, due to a 14% increase in general insurance premiums, as a result of the significant casualty loss claimed in the prior year.
- Administrative expense increased by \$6,358, or by 4% from the prior year, due to a 3% increase in administrative salaries and related benefits, a 27% increase in audit fees, and a 4% increase in other administrative expenses such as travel, staff training, accounting and legal fees.
- Utilities cost increased by \$5,244, or by 11% from the prior year, due to a mixture of offsetting factors. Consumption of water decreased by 9%, electricity decreased by 12%, and gas decreased by 7%. However, garbage disposal costs increased by 92% due to a change in collection arrangements by the city.

These changes led to a decrease in total assets by \$92,965 and a decrease in liabilities by \$4,604, to the end that cash decreased by \$30,565. However, despite these changes, capital assets excluding depreciation actually increased by \$120,218, and there are still over \$2 of current assets covering each dollar of liability.

## **BUDGETARY ANALYSIS**

### **Low Rent Program Budgetary Highlights**

The final operating budget for the Low Rent Program approved by HUD for fiscal year ended June 30, 2004 showed budgeted revenues exceeding budgeted expenses by \$23,808.

The original revenue budget was \$501,508 for fiscal year 2004. There were several significant variations between the budget and the actual revenues, leading to \$10,162 less income than expected. The factors causing this are listed in order of greatest impact to least:

- Tenant revenues fell below the budget of \$191,922 by \$13,127 due to underestimation of the increase in occupancy, and underestimation of the personal incomes of tenants, which affects the amount they are expected to pay from personal income.
- Interest and other income exceeded the budget of \$4,500 by \$2,965 due to collection of unanticipated non-dwelling rentals.
- Federal grant revenues for operations equaled the budget of \$305,086.

The original proposed expense budget during fiscal year 2004 was \$477,700. There were several significant variations between the final adopted annual budget and the actual expenditures excluding depreciation, leading to \$18,259 more expense than budgeted. The factors causing this are listed in order of greatest impact to least:

- Ordinary maintenance and repairs exceeded the budget of \$188,280 by \$24,252 due to unanticipated increases in both staff labor and contract labor. Because of recovery from the preceding year's fire losses, there was an increase in various repairs throughout the complex.
- The budget for other expenses of \$17,500 was not spent.
- General expense exceeded the budget of \$61,070 by \$12,695 due to underestimation of the extent to which property insurance premiums would escalate as a result of the prior year's claims.
- Utilities exceeded the budget of \$44,310 by \$8,528 due to due to an unanticipated increase in garbage collection arrangements by the city.
- The budget for extraordinary maintenance and repairs of \$6,900 was not spent.
- Administrative expenses fell below the budget of \$156,240 by \$2,793 due to measures adopted to cut costs for administrative expenses such as travel, staff training, accounting and legal fees.
- Casualty losses are generally not included as any line item in the budget of the Authority. The total of these items incurred in 2004 therefore exceeded the overall budget by \$3,190.
- *There were \$3,400 of other budgeted items that were neither significantly over- nor underspent.*

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2004, the Housing Authority had \$5,503,506 invested in a broad range of assets and construction in progress from projects funded in 2003, listed below. This amount, not including depreciation, represents increases of \$120,218 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

<b>Capital Assets, Net of Accumulated Depreciation As of September 30, 2004</b>	
Land	\$ 154,069
Buildings	1,296,177
Furniture and Equipment	43,982
Leasehold Improvements	63,264
Construction in Progress	<u>91,631</u>
 Total	 <u>1,649,123</u>

As of the end of the 2004 fiscal year, the Authority is still in the process of completing HUD grants of \$230,104 obtained during the 2003 fiscal year. Additional major capital projects of \$296,383 were approved for the 2005 fiscal year from a HUD grant submitted during fiscal year 2004.

### Debt

Long-term debt includes 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 2005 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 Mr. Bob Robertson, Executive Director, at the Housing Authority of Town of Lake Providence; 210 Foster Street; Lake Providence, LA 71254-2153.

HOUSING AUTHORITY OF LAKE PROVIDENCE  
ENTERPRISE FUNDS - BALANCE SHEET  
YEAR ENDED SEPTEMBER 30, 2004

	General	Capital Fund Program	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 76,839	\$ 0	\$ 76,839
Investments	14,642	0	14,642
Accounts receivable net	1,192	1,975	3,167
Interest receivable	15	0	15
Interfund receivable	1,975	0	1,975
Prepaid items and other assets	28,252	0	28,252
<b>Total Current Assets</b>	<b>122,915</b>	<b>1,975</b>	<b>124,890</b>
Restricted Assets			
Cash	9,966	0	9,966
Capital Assets, net			
Land	154,069	0	154,069
Buildings, and equipment (net)	1,403,423	0	1,403,423
Construction in progress	0	91,631	91,631
<b>Total Capital Assets, net</b>	<b>1,557,492</b>	<b>91,631</b>	<b>1,649,123</b>
<b>Total Assets</b>	<b>\$ 1,690,373</b>	<b>\$ 93,606</b>	<b>\$ 1,783,979</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 10,800	\$ 0	\$ 10,800
Compensated absences payable	6,389	0	6,389
Interfund payable	0	1,975	1,975
Accrued PILOT	11,642	0	11,642
<b>Total Current Liabilities</b>	<b>28,831</b>	<b>1,975</b>	<b>30,806</b>
Current Liabilities - payable from Current Restricted Assets - <i>Deposits due others</i>			
	9,966	0	9,966
Noncurrent Liabilities			
Compensated absences payable	15,568	0	15,568
<b>Total Liabilities</b>	<b>54,365</b>	<b>1,975</b>	<b>56,340</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,557,492	91,631	1,649,123
Unrestricted	78,516	0	78,516
<b>Net Assets</b>	<b>1,636,008</b>	<b>91,631</b>	<b>1,727,639</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,690,373</b>	<b>\$ 93,606</b>	<b>\$ 1,783,979</b>

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

HOUSING AUTHORITY OF LAKE PROVIDENCE  
 ENTERPRISE FUNDS – STATEMENT OF REVENUES,  
 EXPENSES AND CHANGES IN FUND NET ASSETS  
 YEAR ENDED SEPTEMBER 30, 2004

	General	Capital Fund Program	Total
<b>OPERATING REVENUES</b>			
Dwelling rental	\$ 168,785	\$ 0	\$ 168,785
Other	15,640	0	15,640
Total Operating Revenues	<u>184,425</u>	<u>0</u>	<u>184,425</u>
<b>OPERATING EXPENSES</b>			
Administration	153,447	30	153,477
Tenant services	188	0	188
Utilities	52,838	0	52,838
Ordinary maintenance & operations	212,531	0	212,531
General expenses	73,765	0	73,765
Depreciation	180,926	0	180,926
Extraordinary maintenance	3,100	0	3,100
Total Operating Expenses	<u>676,795</u>	<u>30</u>	<u>676,825</u>
Income (loss) from Operations	<u>(492,370)</u>	<u>(30)</u>	<u>(492,400)</u>
Non Operating Revenues (Expenses)			
Interest earnings	1,582	0	1,582
Federal grants	305,086	97,461	402,547
Loss on disposal of assets	(90)	0	(90)
Total Non-Operating Revenues (Expenses)	<u>306,578</u>	<u>97,461</u>	<u>404,039</u>
Income (loss) before contribution and transfer	<u>(185,792)</u>	<u>97,431</u>	<u>(88,361)</u>
Operating transfers in	5,800	0	5,800
Operating transfers out	0	5,800	5,800
Income (loss)	<u>(179,992)</u>	<u>91,631</u>	<u>(88,361)</u>
Capital Contribution			
Transfers in	802,725	0	802,725
Transfers out	0	802,725	802,725
Change in net assets	<u>622,733</u>	<u>(711,094)</u>	<u>(88,361)</u>
Total net assets - beginning	<u>1,013,275</u>	<u>802,725</u>	<u>1,816,000</u>
Total net assets - ending	<u>\$ 1,636,008</u>	<u>\$ 91,631</u>	<u>\$ 1,727,639</u>

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

HOUSING AUTHORITY OF LAKE PROVIDENCE  
 ENTERPRISE FUNDS – STATEMENT OF CASH FLOWS  
 YEAR ENDED SEPTEMBER 30, 2004

	General	Capital Fund Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rental receipts	\$ 168,034	\$ 0	\$ 168,034
Other receipts	13,709	1,975	15,684
Payments to vendors	(259,124)	(30)	(259,154)
Payments to employees – net	(239,915)	0	(239,915)
Net cash provided (used) by operating activities	(317,296)	1,945	(315,351)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating transfers in	5,800	0	5,800
Operating transfers out	0	(5,800)	(5,800)
Federal grants	305,086	3,855	308,941
Net cash provided (used) by non-capital financing activities	310,886	(1,945)	308,941
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(25,740)	(91,631)	(117,371)
Federal Capital Grants	0	91,631	91,631
Net cash provided (used) by capital and related financing activities	(25,740)	0	(25,740)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	1,624	0	1,624
Purchase of investments	46,957	0	46,957
Net cash provided (used) by interest income net of purchases of investment	48,581	0	48,581
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	16,431	0	16,431
<b>CASH AND CASH EQUIVALENTS Beginning of Fiscal Year</b>	70,374	0	70,374
<b>CASH AND CASH EQUIVALENTS End of Fiscal Year</b>	\$ 86,805	\$ 0	\$ 86,805

Continued

HOUSING AUTHORITY OF LAKE PROVIDENCE  
 ENTERPRISE FUNDS – STATEMENT OF CASH FLOWS  
 YEAR ENDED SEPTEMBER 30, 2004

	General	Capital Fund Program	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (492,370)	\$ (30)	\$ (492,400)
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation Expense	180,926	0	180,926
Provision of uncollectible accounts	301	0	301
Change in assets and liabilities:			
Receivables	(1,052)	0	(1,052)
Due from other funds	(1,975)	0	(1,975)
Inventories	2,765	0	2,765
Prepaid items	(1,539)	0	(1,539)
Account payables	(3,988)	0	(3,988)
Accrued expenses	(364)	0	(364)
Due to other funds	0	1,975	1,975
Net cash provided by operations	\$ (317,296)	\$ 1,945	\$ (315,351)
			Concluded

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

HOUSING AUTHORITY OF LAKE PROVIDENCE  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

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HOUSING AUTHORITY OF LAKE PROVIDENCE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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

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

The Housing Authority has the following units:

PHA Owned Housing	FW 1099	150
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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 Louisiana 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 Town of Lake Providence since the Town of Lake Providence appoints a voting majority of Housing Authority's governing board. The Town of Lake Providence 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 Town of Lake Providence. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Lake Providence.

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 LAKE PROVIDENCE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

- 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.

All funds of the Housing Authority are classified as proprietary. The general fund accounts for the transactions of the public housing Low Rent program. The Capital Funding program accounts for Capital Funding grants.

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

**New Accounting Standards Adopted** During the year ended September 30, 2004, the Authority adopted three new statements of financial accounting standards issued by the Government Accounting Standards Board (GASB):

- Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.
- Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Ominous, an amendment of GASB Statements No. 21 and 34*.
- Statement No. 38, *Certain Financial Statement Note Disclosures*.

HOUSING AUTHORITY OF LAKE PROVIDENCE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

Statement No. 34 (as amended by Statement No.37) represents a very significant change in the financial reporting model used by Louisiana and local governments including special purpose governments such as the Housing Authority of Lake Providence. This new reporting model requires management to provide a narrative and analysis to the ordinary user called the Management's Discussion and Analysis (MD&A). This new reporting model also requires the financial statements to be presented on the entity as a whole (government-wide financial statements). The most significant changes to the financial statements are the format, classification of information and the classification of fund equity into various classes of net assets.

**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 13, 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. The principal operating revenues of the Housing Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

HOUSING AUTHORITY OF LAKE PROVIDENCE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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

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

Definitions:

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

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

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

**G. INVENTORY** All purchased inventory items are valued at cost using first-in, first-out method. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

**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 \$300. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

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

General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, sidewalks, and other infrastructure assets acquired subsequent to July 1, 2003.

HOUSING AUTHORITY OF LAKE PROVIDENCE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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

**K. 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.

**L. INTERFUND ACTIVITY** Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses.

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

**M. 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.

HOUSING AUTHORITY OF LAKE PROVIDENCE  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

**NOTE 2 – DEPOSITS AND INVESTMENTS** Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name
- Category 3 - Uninsured and unregistered investments held by the counter-party, its trust department, or its agent, but not in the Authority's name

At September 30, 2004 the Housing Authority has Cash equivalents, and investments totaling \$86,805 as follows:

Cash on hand	\$	75
Interest-bearing demand deposits		86,730
		86,805
Total	\$	86,805
Cash and cash equivalents	\$	76,839
Cash and cash equivalents – restricted		9,966
		86,805
Total	\$	86,805

Deposits are stated at cost, which approximates fair value.

Under Louisiana law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2004, the Housing Authority's carrying amount of deposits was \$86,730 and the bank balance was \$147,755. Of the bank balance, \$114,642 was covered by federal depository insurance (GASB Category 1). The remaining \$33,113 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (GASB Category 3).

HOUSING AUTHORITY OF LAKE PROVIDENCE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement #3, Louisiana Revised Statute 39.1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

Investments during the year were solely in time deposits at banks.

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at September 30, 2004, are as follows:

<u>Class of Receivables</u>	<u>General</u>	<u>Capital Fund Program</u>	<u>Total</u>
Local sources:			
Tenants	\$ 942	\$ 0	\$ 942
Other	250	0	250
Federal sources:			
Grants	0	1,975	1,975
Total	\$ 1,192	\$ 1,975	\$ 3,167

The tenants account receivable is net of an allowance for doubtful accounts of \$321.

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

	<u>Balance 09/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 09/30/04</u>
Land	\$ 154,069	\$ 0	\$ 0	\$ 154,069
Buildings	5,077,739	0	0	5,077,739
Furniture and equipment	181,528	25,487	26,948	180,067
Construction in progress	0	91,631	0	91,631
Total	5,413,336	117,118	26,948	5,503,506
Less: accumulated depreciation				
Buildings	3,561,236	167,592	0	3,728,828
Furniture and equipment	139,079	13,334	26,858	125,555
Total	3,700,315	180,926	26,858	3,854,383
Fixed assets, net	\$ 1,713,021	\$ (63,808)	\$ (90)	\$ 1,649,123

HOUSING AUTHORITY OF LAKE PROVIDENCE  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

**NOTE 5 – RETIREMENT SYSTEM** The Housing Authority participates in a defined contribution plan. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one month of continuous and uninterrupted employment. Plan provisions and changes to plan contributions are determined by the Board of the Housing Authority.

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 8-1/2% percent of each participant’s basic (excludes overtime) compensation. This payment represents a 3% contribution by the employee, and a 5-1/2% contribution by the Housing Authority. The employee may make additional contributions.

The Housing Authority’s contribution for each employee and income allocated to the employee’s account are fully vested after five years of continuous service. 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. Normal retirement date shall be the first day of the month following the employee’s 65<sup>th</sup> birthday or after 10 years of participation in the plan.

The Housing Authority’s contributions were calculated using the base salary amount of \$139,963. The Housing Authority made the required contributions of \$15,014 for the year ended September 30, 2004, of which \$7,698 was paid by the Housing Authority and \$7,316 was paid by employees. No payments were made out of the forfeiture account.

**NOTE 6 – ACCOUNTS PAYABLE** The payables at September 30, 2004 are as follows:

	General		Total
Vendors	\$ 9,928	\$	9,928
Payroll taxes & Retirement withheld	872		872
Total	\$ 10,800	\$	10,800

HOUSING AUTHORITY OF LAKE PROVIDENCE  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

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

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

**Construction Projects** There are certain renovation or construction projects in progress at September 30, 2004. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

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

**NOTE 8 – INTERFUND RECEIVABLES / PAYABLES** Interfund receivables / payables at September 30, 2004 are as follows:

At September 30, 2004, the Capital Fund program owes \$1,975 to the Low Rent Fund.

**NOTE 9 – COMPENSATED ABSENCES** At September 30, 2004, employees of the Housing Authority have accumulated and vested \$21,957 of employee leave computed in accordance with GASB, Codification Section C60.

**NOTE 10 – GENERAL LONG – TERM OBLIGATIONS** The following is a summary of the long – term obligation transactions for the year ended September 30, 2004.

		<u>Compensated Absences</u>
Balance, beginning	\$	22,635
Additions		5,711
Deductions		6,389
Balance, ending		<u>21,957</u>
Amounts due in one year	\$	<u>6,389</u>

HOUSING AUTHORITY OF LAKE PROVIDENCE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

**NOTE 11 – INTERFUND TRANSFERS** Interfund transfers for the year September 30, 2004 consists of the following:

<u>Transfer To</u>	<u>Transfer From</u>
Low Rent	Capital Fund

The Capital Fund grant provisions allowed the PHA to transfer \$5,800 to the Low Rent program to pay for eligible Low Rent expenses and to also increase the operating reserve. In addition, \$802,725 of hard costs of three completed Capital Fund programs were also transferred.

**SUPPLEMENTARY INFORMATION**

EXHIBIT E

HOUSING AUTHORITY OF LAKE PROVIDENCE  
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2004

CASH BASIS

		2003 Capital Fund
Funds approved	\$	230,104
Funds expended		<u>97,461</u>
Excess of funds approved	\$	<u><u>132,643</u></u>
Funds advanced	\$	95,486
Funds expended		<u>97,461</u>
Excess of funds advanced	\$	<u><u>(1,975)</u></u>

See accountants' report

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MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Governmental Auditing Standards***

Housing Authority of Lake Providence  
Lake Providence, Louisiana

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of Lake Providence, Louisiana as of and for the year ended September 30, 2004, which collectively comprise the Housing Authority of Lake Providence, Louisiana's, basic financial statements and have issued our report thereon dated January 26, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Housing Authority of Lake Providence, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Housing Authority of Lake Providence, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Audit Finding 04-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of Lake Providence, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as Audit Finding 04-01.

This report is intended for the information of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mike Estes, P. C.  
Fort Worth, Texas  
January 26, 2005

HOUSING AUTHORITY OF LAKE PROVIDENCE  
STATEMENT OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2004

FEDERAL GRANTOR PROGRAM TITLE	<u>CDFA NO.</u>	<u>PROGRAM EXPENDITURES</u>
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850	<u>305,086</u>
Public Housing Capital Fund	14.872	<u>97,461</u>
Total United States Department of Housing and Urban Development	\$	<u>402,547</u>
Total Expenditures of Federal Awards	\$	<u>402,547</u>

**HOUSING AUTHORITY OF LAKE PROVIDENCE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED SEPTEMBER 30, 2004

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

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

**NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS** Federal awards revenues are reported in the Housing Authority’s general-purpose financial statements as follows:

		Federal Sources
Enterprise funds:		
Public Housing	\$	305,086
Capital Fund		97,461
Total	\$	402,547

**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.

**NOTE 5 –FEDERAL AWARDS PROGRAMS** In accordance with HUD Notice PIH 98-14, “federal awards” do not include Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of Housing Authority bonds or for Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit Act “federal awards expended” threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be “expended” during the fiscal year.

HOUSING AUTHORITY OF LAKE PROVIDENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2004

**Financial Statement Audit**

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

HOUSING AUTHORITY OF LAKE PROVIDENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2004

Prior Audit Findings and Questioned Costs

The prior audit report contained four audit findings, as follows:

Low Rent

Finding 03-01 – Inadequate Documentation of Utility Allowance Review

No documentation existed that utility rates were reviewed by the PHA. This is repeated as Audit Finding 04-01.

Finding 03-02 – ACOP Revised but not approved by Board Resolution

The ACOP had been revised, to recognize the working preference in admissions. However, the ACOP revision had not been approved by Board resolution. A Board resolution was made in the current year. This finding is cleared.

Finding 03-03 – Tenant Files

We reviewed ten tenant files. In one, a Form 9886 Privacy Act Notice had not been timely completed. In another, earned income was not verified by a third party, and the reason why was not documented. None had Section 214 Declaration of Citizenship Status forms signed. No such exceptions were noted in the current year. This finding is cleared.

Capital Funding

Finding 03-04 – Monitoring Needs Improvement

The PHA could not provide us with copies of any daily or weekly progress reports or logs of the weather, construction progress, or areas of concern on the substantial rehabilitation undertaken through the Capital Funding Program. The PHA kept logs in the current year. This finding is cleared.

HOUSING AUTHORITY OF LAKE PROVIDENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2004

Current Audit Findings

Entity-wide or program/department specific

Low Rent

Finding 04-01 – Inadequate Documentation of Utility Allowance Review

Statement of Condition

No documentation exists that utility rates were reviewed by the PHA. This finding has been made in the last two audits.

Criteria

Federal regulations require the PHA to review utility rates at least annually, and revise the rates whenever there is a change of 10% or more in any category, (24 CFR Section 982.517).

Effect

Utility allowances may have been incorrect.

Cause

The PHA overlooked this.

Recommendation

The PHA should review that rates as soon as possible, and revise them if necessary.

Corrective Action

I am Bob Robertson, Executive Director and designated person to answer this finding. We will get a study done in the next 60 days, and revise the rates within 90 days from the date of this report, if necessary.

**HOUSING AUTHORITY OF LAKE PROVIDENCE  
FINANCIAL DATA SCHEDULE**

**YEAR ENDED SEPTEMBER 30, 2004**

**PHA: LA102 FYED: 09/30/2004**

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$76,839	\$0	\$76,839
114	Cash - Tenant Security Deposits	\$9,966	\$0	\$9,966
100	<b>Total Cash</b>	<b>\$86,805</b>	<b>\$0</b>	<b>\$86,805</b>
122	Accounts Receivable - HUD Other Projects	\$0	\$1,975	\$1,975
125	Accounts Receivable - Miscellaneous	\$250	\$0	\$250
126	Accounts Receivable - Tenants - Dwelling Rents	\$1,263	\$0	\$1,263
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-321	\$0	\$-321
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
129	Accrued Interest Receivable	\$15	\$0	\$15
120	<b>Total Receivables, net of allowances for doubtful accounts</b>	<b>\$1,207</b>	<b>\$1,975</b>	<b>\$3,182</b>
131	Investments - Unrestricted	\$14,642	\$0	\$14,642
142	Prepaid Expenses and Other Assets	\$28,252	\$0	\$28,252
144	Interprogram Due From	\$1,975	\$0	\$1,975
150	<b>Total Current Assets</b>	<b>\$132,881</b>	<b>\$1,975</b>	<b>\$134,856</b>
161	Land	\$154,069	\$0	\$154,069
162	Buildings	\$4,494,023	\$0	\$4,494,023
163	Furniture, Equipment & Machinery - Dwellings	\$104,010	\$0	\$104,010
164	Furniture, Equipment & Machinery - Administration	\$76,057	\$0	\$76,057
165	Leasehold Improvements	\$583,716	\$0	\$583,716
166	Accumulated Depreciation	\$-3,854,383	\$0	\$-3,854,383
167	Construction In Progress	\$0	\$91,631	\$91,631
160	<b>Total Fixed Assets, Net of Accumulated Depreciation</b>	<b>\$1,557,492</b>	<b>\$91,631</b>	<b>\$1,649,123</b>
180	<b>Total Non-Current Assets</b>	<b>\$1,557,492</b>	<b>\$91,631</b>	<b>\$1,649,123</b>
190	<b>Total Assets</b>	<b>\$1,690,373</b>	<b>\$93,606</b>	<b>\$1,783,979</b>

**PHA: LA102 FYED: 09/30/2004**

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$9,928	\$0	\$9,928
321	Accrued Wage/Payroll Taxes Payable	\$872	\$0	\$872
322	Accrued Compensated Absences - Current Portion	\$6,389	\$0	\$6,389
333	Accounts Payable - Other Government	\$11,642	\$0	\$11,642
341	Tenant Security Deposits	\$9,966	\$0	\$9,966
347	Interprogram Due To	\$0	\$1,975	\$1,975
310	<b>Total Current Liabilities</b>	<b>\$38,797</b>	<b>\$1,975</b>	<b>\$40,772</b>
354	Accrued Compensated Absences - Non Current	\$15,568	\$0	\$15,568
350	<b>Total Noncurrent Liabilities</b>	<b>\$15,568</b>	<b>\$0</b>	<b>\$15,568</b>
300	<b>Total Liabilities</b>	<b>\$54,365</b>	<b>\$1,975</b>	<b>\$56,340</b>
508	<b>Total Contributed Capital</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
508.1	Invested in Capital Assets, Net of Related Debt	\$1,557,492	\$91,631	\$1,649,123
511	<b>Total Reserved Fund Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$78,516	\$0	\$78,516
513	<b>Total Equity/Net Assets</b>	<b>\$1,636,008</b>	<b>\$91,631</b>	<b>\$1,727,639</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>\$1,690,373</b>	<b>\$93,606</b>	<b>\$1,783,979</b>

**HOUSING AUTHORITY OF LAKE PROVIDENCE  
FINANCIAL DATA SCHEDULE**

**YEAR ENDED SEPTEMBER 30, 2004**

**PHA: LA102 FYED: 09/30/2004**

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$168,785	\$0	\$168,785
704	Tenant Revenue - Other	\$10,010	\$0	\$10,010
705	Total Tenant Revenue	\$178,795	\$0	\$178,795
706	HUD PHA Operating Grants	\$305,086	\$5,830	\$310,916
706.1	Capital Grants	\$0	\$91,631	\$91,631
711	Investment Income - Unrestricted	\$1,582	\$0	\$1,582
715	Other Revenue	\$5,630	\$0	\$5,630
716	Gain/Loss on Sale of Fixed Assets	\$-90	\$0	\$-90
700	Total Revenue	\$491,003	\$97,461	\$588,464

**PHA: LA102 FYED: 09/30/2004**

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$88,688	\$0	\$88,688
912	Auditing Fees	\$6,000	\$0	\$6,000
915	Employee Benefit Contributions - Administrative	\$30,771	\$0	\$30,771
916	Other Operating - Administrative	\$27,988	\$30	\$28,018
924	Tenant Services - Other	\$188	\$0	\$188
931	Water	\$23,054	\$0	\$23,054
932	Electricity	\$10,205	\$0	\$10,205
933	Gas	\$674	\$0	\$674
938	Other Utilities Expense	\$18,905	\$0	\$18,905
941	Ordinary Maintenance and Operations - Labor	\$89,332	\$0	\$89,332
942	Ordinary Maintenance and Operations - Materials and Other	\$43,453	\$0	\$43,453
943	Ordinary Maintenance and Operations - Contract Costs	\$48,986	\$0	\$48,986
945	Employee Benefit Contributions - Ordinary Maintenance	\$30,760	\$0	\$30,760
961	Insurance Premiums	\$61,175	\$0	\$61,175
963	Payments in Lieu of Taxes	\$11,642	\$0	\$11,642
964	Bad Debt - Tenant Rents	\$948	\$0	\$948
969	Total Operating Expenses	\$492,769	\$30	\$492,799
970	Excess Operating Revenue over Operating Expenses	\$-1,766	\$97,431	\$95,665
972	Casualty Losses - Non-Capitalized	\$3,100	\$0	\$3,100
974	Depreciation Expense	\$180,926	\$0	\$180,926
900	Total Expenses	\$676,795	\$30	\$676,825
1001	Operating Transfers In	\$5,800	\$0	\$5,800
1002	Operating Transfers Out	\$0	\$-5,800	\$-5,800
1010	Total Other Financing Sources (Uses)	\$5,800	\$-5,800	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-179,992	\$91,631	\$-88,361

**PHA: LA102 FYED: 09/30/2004**

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	\$1,013,275	\$802,725	\$1,816,000
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$802,725	\$-802,725	\$0
1120	Unit Months Available	1,734	0	1,734
1121	Number of Unit Months Leased	1,709	0	1,709