

HOUSING AUTHORITY OF COLFAX
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED MARCH 31, 2009

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 10/1/09

Mike Estes, P.C.
A Professional Accounting Corporation

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Independent Auditor's Report

Board of Commissioners
Housing Authority of Colfax
Colfax, Louisiana

We have audited the accompanying financial statements of each major fund of the Housing Authority of Colfax, Louisiana as of and for the year ended March 31, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of Colfax, Louisiana's management. Our responsibility is to express opinions 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 each major fund of the Housing Authority of Colfax, Louisiana, as of March 31, 2009, 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*, we have also issued our report dated August 24, 2009, on our consideration of the Housing Authority of Colfax, 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 Colfax, Louisiana's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards 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 Colfax, 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 information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Estes, P.C.

Fort Worth, Texas
August 24, 2009

HOUSING AUTHORITY OF COLFAX, LA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

March 31, 2009

The management of Public Housing Authority of Colfax, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending March 31, 2009. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included 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 \$1,501,885 at the close of the fiscal year ended 2009.
 - ✓ Of this amount \$1,253,596 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ Also of this amount, \$552 of net assets are restricted Housing Assistance Payments
 - ✓ The remainder of \$247,737 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 32% of the total operating expenses of \$771,553 for the fiscal year 2009, which means the Authority might be able to operate about 3.8 months using the unrestricted assets alone, which compares favorably with 3.2 months in the prior fiscal year.
- The Housing Authority's total net assets decreased by \$48,760, a 3% change from the prior fiscal year 2008. This decrease is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- The cash and cash equivalents increased \$29,743. Receipts from federal grants, rental receipts and other receipts exceeded payments to vendors, employees and landlords by \$21,096. Interest income received was \$10,599. Proceeds from maturity of investments exceeded the purchase of investments by \$164. All of the above was partially offset by the purchase of capital assets exceeding receipts of capital grants by \$2,116.
- The Authority spent \$151,455 on capital asset additions and construction in progress during the current fiscal year.
- These changes led to a decrease in total assets by \$86,340 and a decrease in total liabilities by \$37,579. As related measure of financial health, there are still over \$6.56 of current assets covering each dollar of total current and long-term liabilities, which compares favorably with \$3.64 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2009?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

USING THIS ANNUAL REPORT

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

- Low Rent Public Housing
- Housing Choice Vouchers
- Component Unit
- Public Housing 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.

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.

Housing Authority of Colfax, LA

Management's Discussion and Analysis (MD&A)

March 31, 2009

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$1,501,885 as of March 31, 2009. Of this amount, \$1,253,596 was invested in capital assets, and the \$247,737 was unrestricted. There were \$552 in specific assets restricted Housing Assistance Payments. Also, there were \$552 of general net assets restricted Housing Assistance Payments.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet

As of March 31, 2009

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets	284,303	294,347
Capital assets, net of depreciation	1,253,596	1,330,040
Other non-current assets	<u>7,290</u>	<u>7,142</u>
Total assets	<u>1,545,189</u>	<u>1,631,529</u>
LIABILITIES		
Current liabilities	<u>34,574</u>	<u>75,084</u>
Non-current liabilities	<u>8,730</u>	<u>5,800</u>
Total liabilities	<u>43,304</u>	<u>80,884</u>
NET ASSETS		
Invested in capital assets, net of depreciation	1,253,596	1,330,040
Net assets restricted Housing Assistance Payments	552	6,035
Unrestricted net assets	<u>247,737</u>	<u>214,570</u>
Total net assets	<u>1,501,885</u>	<u>1,550,645</u>
Total liabilities and net assets	<u>1,545,189</u>	<u>1,631,529</u>

Housing Authority of Colfax, LA

Management's Discussion and Analysis (MD&A)

March 31, 2009

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds decreased by \$48,760, or by 3%, from those of fiscal year 2008, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

	2009	2008
OPERATING REVENUES		
Dwelling rental	\$ 124,469	\$ 105,017
Governmental operating grants	425,758	385,726
Other	11,296	13,858
	561,523	504,601
OPERATING EXPENSES		
Administration	196,507	194,709
Tenant services	0	1,154
Utilities	40,813	34,899
Ordinary maintenance & operations	86,295	125,781
General expenses	63,668	49,631
Depreciation	230,512	226,341
Housing assistance payments	153,758	160,974
	771,553	793,489
Income (loss) from Operations	(210,030)	(288,888)
Non Operating Revenues (Expenses)		
Interest earnings	9,170	11,045
	9,170	11,045
Income (loss) before contribution	(200,860)	(277,843)
Capital Contribution	152,100	216,732
Change in net assets	(48,760)	(61,111)
Total net assets - beginning	1,550,645	1,611,756
Total net assets - ending	\$ 1,501,885	\$ 1,550,645

Housing Authority of Colfax, LA
Management's Discussion and Analysis (MD&A)
March 31, 2009

Compared with the prior fiscal year, total operating, non-operating revenues, and capital grants decreased \$9,585, or by 2%, 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 decreased by \$64,632, or by 30% 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 2005 through 2009, and submitted a new grant during fiscal year 2010.
- Federal revenues from HUD for operations increased by \$40,032, or by 10% 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 tenant revenue increased by \$19,452, or by 19% from that of the prior fiscal year, 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.
- Interest income decreased by \$1,875, or by 17%. The Housing Authority transferred \$5,921 into temporary investments during the current fiscal year since the Authority spent available cash mostly on capital assets instead of temporary investments.
- Total other non-operating revenue decreased by \$2,563, or by 18%, because the Authority received proceeds from casualty insurance claims, which are recorded as other income by the Authority in the year received.

Compared with the prior fiscal year, total operating expenses decreased \$21,936, or by 2%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Maintenance and repairs decreased by \$39,486, or by 31% from that of the prior fiscal year, due to several major factors: Repair staff wages decreased by \$13,354, or by 26%, and related employee benefit contributions decreased by \$7,360, or by 36%. Also, materials used decreased by \$3,996, or by 17%, and contract labor costs decreased by \$14,776, or by 50%.
- Administrative Expenses increased by \$1,798, an insignificant amount.
- General Expenses increased by \$14,037 or by 28% from that of the prior fiscal year, primarily because insurance premiums increased by \$8,355, or by 21%, since property and casualty insurance premiums increased. Also, payments in lieu of taxes (PILOT) increased by \$2,620, or by 37%. PILOT is calculated as a percentage of rent (which increased by 19%) minus utilities (which increased 17%), and therefore changed proportionately to the changes in each of these.
- Housing Assistance Payments to landlords decreased by \$7,216, or by 4% from that of the prior fiscal year, because there was a decrease in the number of tenants qualifying for subsidy during the year.
- Utilities Expense increased by \$5,914, or by 17% from that of the prior fiscal year, because water cost increased by \$3,589, and electricity cost increased by \$252 but gas cost decreased by \$77. Finally, other utilities expense (such as garbage, sewage, and waste removal) increased by \$2,151, or by 20%.

Housing Authority of Colfax, LA
 Management's Discussion and Analysis (MD&A)
 March 31, 2009

- Depreciation expense increased by \$4,171, or by 2% from that of the prior fiscal year, because there was an increase in capital assets by \$151,455.
- Tenant Services decreased by \$1,154 from that of the prior fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2009, the Housing Authority had a total cost of \$5,983,259 invested in a broad range of assets and construction in progress from projects funded in 2005 through 2008, listed below. This amount, not including depreciation, represents increases of \$151,455 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, 2009**

	<u>2009</u>	<u>2008</u>
Land	2,906	2,906
Construction in progress	111,381	185,995
Buildings	1,041,778	1,014,316
Leasehold improvements	79,502	90,135
Furniture and equipment	<u>18,029</u>	<u>36,688</u>
Total	<u>1,253,596</u>	<u>1,330,040</u>

As of the end of the 2009 fiscal year, the Authority is still in the process of completing HUD grants of \$836,303 obtained during 2005 through 2009 fiscal years. A total remainder of \$430,894 will be received and \$412,994 will be spent for completing these projects during fiscal year 2010.

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 2010 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 Johnny White, at Public Housing Authority of Colfax, Louisiana; P. O. Box 179;

HOUSING AUTHORITY OF COLFAX
BALANCE SHEET
MARCH 31, 2009

	General	Housing Choice Vouchers	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 22,770	\$ 4,867	\$ 27,637
Investments	227,597	0	227,597
Accounts receivable net	6,428	0	6,428
Interest receivable	5,867	0	5,867
Prepaid items and other assets	6,769	338	7,107
Inventory	920	0	920
Restricted assets – cash and cash equivalents	8,195	552	8,747
Total Current Assets	278,546	5,757	284,303
Capital Assets, net			
Land and other non-depreciated assets	114,287	0	114,287
Other capital assets - net of depreciation	1,139,309	0	1,139,309
Total Capital Assets, net	1,253,596	0	1,253,596
Other Assets	7,290	0	7,290
Total Assets	\$ 1,539,432	\$ 5,757	\$ 1,545,189
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 12,081	\$ 0	\$ 12,081
Deferred revenue	1,207	0	1,207
Compensated absences payable	4,560	165	4,725
Accrued PILOT	8,366	0	8,366
Deposits due others	8,195	0	8,195
Total Current Liabilities	34,409	165	34,574
Noncurrent Liabilities			
Compensated absences payable	8,275	455	8,730
Total Liabilities	42,684	620	43,304
NET ASSETS			
Invested in capital assets, net of related debt	1,253,596	0	1,253,596
Restricted	0	552	552
Unrestricted	243,152	4,585	247,737
Net Assets	1,496,748	5,137	1,501,885
Total Liabilities and Net Assets	\$ 1,539,432	\$ 5,757	\$ 1,545,189

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

**HOUSING AUTHORITY OF COLFAX
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED MARCH 31, 2009**

	General	Housing Choice Voucher	Total
OPERATING REVENUES			
Dwelling rental	\$ 124,469	\$ 0	\$ 124,469
Governmental operating grants	252,324	173,434	425,758
Other	8,087	3,209	11,296
Total Operating Revenues	384,880	176,643	561,523
OPERATING EXPENSES			
Administration	178,094	18,413	196,507
Utilities	40,813	0	40,813
Ordinary maintenance & operations	86,295	0	86,295
General expenses	62,245	1,423	63,668
Depreciation	230,512	0	230,512
Housing assistance payments	0	153,758	153,758
Total Operating Expenses	597,959	173,594	771,553
Income (loss) from Operations	(213,079)	3,049	(210,030)
Non Operating Revenues (Expenses)			
Interest earnings	9,170	0	9,170
Total Non-Operating Revenues (Expenses)	9,170	0	9,170
Income (loss) before contribution	(203,909)	3,049	(200,860)
Capital Contribution	152,100	0	152,100
Change in net assets	(51,809)	3,049	(48,760)
Total net assets - beginning	1,548,557	2,088	1,550,645
Total net assets - ending	\$ 1,496,748	\$ 5,137	\$ 1,501,885

EXHIBIT C

HOUSING AUTHORITY OF COLFAX
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2009

	General	Housing Choice Voucher	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 118,403	\$ 0	\$ 118,403
Other receipts	13,325	2,742	16,067
Federal grants	296,667	173,434	470,101
Payments to vendors	(217,073)	(14,217)	(231,290)
Payments to employees – net	(189,610)	(8,817)	(198,427)
Payments to private landlords	0	(153,758)	(153,758)
Net cash provided (used) by operating activities	21,712	(616)	21,096
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(154,216)	0	(154,216)
Federal Capital Grants	152,100	0	152,100
Net cash provided (used) by capital and related financing activities	(2,116)	0	(2,116)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of Investments	6,085	0	6,085
Interest income	10,599	0	10,599
Purchase of investments	(5,921)	0	(5,921)
Net cash provided (used) by investing activities	10,763	0	10,763
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,359	(616)	29,743
CASH AND CASH EQUIVALENTS Beginning of Fiscal Year	606	6,035	6,641
CASH AND CASH EQUIVALENTS End of Fiscal Year	\$ 30,965	5,419	36,384

Continued

EXHIBIT C

HOUSING AUTHORITY OF COLFAX
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2009

	General	Housing Choice Voucher	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (213,079)	\$ 3,049	\$ (210,030)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation Expense	230,512	0	230,512
Provision of uncollectible accounts	1,373	0	1,373
Change in assets and liabilities:			
Receivables	(5,925)	0	(5,925)
Inventories	190	0	190
Prepaid items	(654)	31	(623)
Account payables	6,973	(3,229)	3,744
Accrued expenses	(255)	0	(255)
Due to other funds	467	(467)	0
Deposits due others	2,110	0	2,110
Net cash provided (used) by operations	<u>\$ 21,712</u>	<u>\$ (616)</u>	<u>\$ 21,096</u>

Concluded

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

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HOUSING AUTHORITY OF COLFAX
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 MARCH 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of Colfax 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 state laws for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of Colfax, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	LA 2052	90
Section 8		
Housing Choice Vouchers	LA-122	50

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

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

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 COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2009

- 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 the following component unit should be considered as part of the Housing Authority reporting entity:

The Colfax Community Corporation (CCC) is a legally separate entity. CCC is the managing general partner of the Colfax Community G-P, LLC, an entity formed to purchase property and construct apartments to serve low income individuals. The limited liability partnership is presently still in the development stage, due to the current unavailability of credit. The CCC's Board of Commissioners is the same as the Authority's. The CCC is included in the financial statements as a blended entity.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the public housing Low Rent program, the Capital Fund program and the CCC. The housing choice voucher fund accounts for the Section 8 Housing Choice Voucher program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2009

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. 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, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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:

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.

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2009

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

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

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

Site improvements	15 years
Buildings	15-35 years
Building improvements	15 years
Furniture and equipment	3-7 years

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

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.

HOUSING AUTHORITY OF COLFAX
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 MARCH 31, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at March 31, 2009. Deposits are stated at cost, which approximates fair value.

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

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

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

At March 31, 2009, the Housing Authority’s carrying amount of deposits was \$263,881 and the bank balance was \$270,846, which includes \$227,597 in certificates of deposits classified as investments. Of the bank balance, the entire balance was collateralized by FDIC insurance.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at March 31, 2009, are as follows:

<u>Class of Receivables</u>	<u>General</u>	<u>Housing Choice Voucher</u>	<u>Total</u>
Local sources:			
Tenants	\$ 5,880	\$ 0	\$ 5,880
Other	400	0	400
Federal sources:			
Grants	148	0	148
Total	\$ 6,428	\$ 0	\$ 6,428

The tenants account receivable is net of an allowance for doubtful accounts of \$2,733.

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2009

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

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land and buildings	\$ 2,906	\$ 0	\$ 0	\$ 2,906
Construction in progress	185,995	0	74,614	111,381
Depreciable assets:				
Exhaustible capital assets				
Buildings	5,437,231	218,763	0	5,655,994
Furniture and equipment	205,672	9,919	2,613	212,978
Total	<u>5,831,804</u>	<u>228,682</u>	<u>77,227</u>	<u>5,983,259</u>
Less: accumulated depreciation				
Buildings	4,325,628	199,634	0	4,525,262
Furniture and equipment	176,136	30,878	2,613	204,401
Total	<u>4,501,764</u>	<u>230,512</u>	<u>2,613</u>	<u>4,729,663</u>
Capital assets, net	<u>\$ 1,330,040</u>	<u>\$ (1,830)</u>	<u>\$ 74,614</u>	<u>\$ 1,253,596</u>

NOTE 5 – ACCOUNTS PAYABLE The payables at March 31, 2009 are as follows:

	General	Total
Vendors	\$ 10,870	\$ 10,870
Payroll taxes & Retirement withheld	1,211	1,211
Total	<u>\$ 12,081</u>	<u>\$ 12,081</u>

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE 6 – COMPENSATED ABSENCES At March 31, 2009, employees of the Housing Authority have accumulated and vested \$13,455 of employee leave computed in accordance with GASB, Codification Section C60.

NOTE 7 – LONG – TERM OBLIGATIONS The following is a summary of the long – term obligation transactions for the year ended March 31, 2009.

		Compensated Absences
Balance, beginning	\$	14,113
Additions		5,821
Deductions		(6,479)
Balance, ending		13,455
Amounts due in one year	\$	4,725

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

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 6.5% of his effective compensation, and may make additional contributions. The employer is required to make monthly contributions equal to 8.5% of each participant’s effective compensation.

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

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

The Housing Authority made the required contributions of \$7,850 for the year ended March 31, 2009, of which \$4,507 was paid by the Housing Authority and \$3,343 was paid by employees. No payments were made out of the forfeiture account.

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE 9 – INTERPROGRAM TRANSFERS Interprogram transfers for the year March 31, 2009 consists of the following:

The Capital Fund grant provisions allowed the PHA to transfer \$16,479 to the Low Rent program to pay for eligible Low Rent expenses.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are 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 March 31, 2009. 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.

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

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

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

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

NOTE 11 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$577,858 to the Housing Authority, which represents approximately 80% of the Housing Authority's total revenue and capital contributions for the year.

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MIKE ESTES, CPA

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*

Housing Authority of Colfax
Colfax, Louisiana

We have audited the financial statements of each major fund of the Housing Authority of Colfax, Louisiana, as of and for the year ended March 31, 2009, which collectively comprise the Housing Authority of Colfax, Louisiana's basic financial statements and have issued our report thereon dated August 24, 2009. 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 Colfax, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Colfax, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Colfax, Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of Colfax, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of Colfax, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Colfax, Louisiana's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of Colfax, Louisiana's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of Colfax, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.

Fort Worth, Texas
August 24, 2009

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MIKE ESTES, CPA

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

Housing Authority of Colfax
Colfax, Louisiana

Compliance

We have audited the compliance of the Housing Authority of Colfax, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2009. The Housing Authority of Colfax, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Colfax, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of Colfax, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Colfax, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of Colfax, Louisiana's compliance with those requirements.

In our opinion, the Housing Authority of Colfax, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompany schedule of findings and questioned costs as Finding 09-01.

Internal Control Over Compliance

The management of the Housing Authority of Colfax, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of Colfax, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Colfax, Louisiana's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Housing Authority of Colfax, Louisiana's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency and also a material weakness.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of Colfax, Louisiana's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Housing Authority of Colfax, Louisiana's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 09-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Housing Authority of Colfax, Louisiana's internal control. We do not consider the significant deficiency in internal control over compliance described in the accompanying schedule of findings and costs to be a material weakness.

The Housing Authority of Colfax, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of Colfax, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.

Fort Worth, Texas
August 24, 2009

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2009

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 235,575
Housing Choice Voucher	14.871	173,434
Public Housing Capital Fund	14.872	168,849
Total United States Department of Housing and Urban Development		\$ 577,858
Total Expenditures of Federal Awards		\$ 577,858

HOUSING AUTHORITY OF COLFAX
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2009

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

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

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

	<u>Federal Sources</u>
General	\$ 404,424
Section 8 Housing Choice Vouchers	173,434
	<hr/>
Total	\$ 577,858
	<hr/> <hr/>

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.

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2009

Section I – Summary of the Auditor’s Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no significant deficiencies 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.

Audit of Federal Awards

- iv. There was one significant deficiency required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed one audit finding which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:
 - CFDA# 14.850 Public and Indian Housing – Low Rent Program
 - CFDA# 14.871 Section 8 Housing Choice Voucher
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was 300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2009

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

None

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2009

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

Major Program – Section 8

Section 8

09-01 – Special Tests - Inspections

Statement of Condition

Quality control checks on housing inspections (HQS) were insufficient. In addition, the PHA did not have a list of units that failed the original inspection, the date failed, and the date of the follow-up inspection, and whether the follow-up passed, and whether it passed before the contract renewal date (HUD Enforcement).

Criteria

SEMAP regulations are comprehensive in what is required to document. Housing Control Inspectors (Indicator 5) and Inspection Enforcement (Indicator 6).

Effect

The unit inspection program is not as thorough as it should be.

Cause

Management claims it was oversight that quality control inspections were not done. Management claims all failed inspections were timely followed up, but that they failed to keep a comprehensive list.

Recommendation

Management should document HQS and Enforcement better. It appears they understand how to do so.

09 – 01 – Corrective Action Plan

We will comply with the auditor's recommendations

HOUSING AUTHORITY OF COLFAX
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED MARCH 31, 2009

The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:

Low Rent

Finding 08-01 – _____

Condition – MASS not supported

The Authority did not have available the information to support the answers to Indicator One, Vacant Unit Turnaround Time.

Recommendation

The required information should be kept for third party review. We reviewed these calculations with Authority personnel, as in prior years.

Current Status

The finding is not repeated in the current audit

Housing Choice Voucher Program

Finding 08-01 – Section Eight Payments in Error

Condition

For selected tenants, the PHA arbitrarily reduced the housing assistance payment (HAP) to the landlord, and increased the tenant payment to the landlord, by the same amount. This was done before annual recertifications. It appears the PHA misunderstood, in part at least, HUD Notice PIH 2006-32, issued August 21, 2006.

Recommendation

The PHA should only finalize HAP contracts where the HAP and tenant rent agree to the amounts correctly calculated by the 50058.

Current Status

The finding is not repeated in this audit.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF COLFAX
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED MARCH 31, 2009

	2005 <u>Capital Fund</u>	2006 <u>Capital</u>	2007 <u>Capital Fund</u>	2008 <u>Capital Fund</u>	2009 <u>Capital Fund</u>
Funds approved	\$ 269,952	\$ 131,675	\$ 134,120	\$ 132,649	\$ 167,907
Funds expended	<u>269,785</u>	<u>111,818</u>	<u>21,306</u>	<u>2,500</u>	<u>0</u>
Excess of funds approved	<u>\$ 167</u>	<u>\$ 19,857</u>	<u>\$ 112,814</u>	<u>\$ 130,149</u>	<u>\$ 167,907</u>
Funds advanced	\$ 269,952	\$ 111,670	\$ 21,306	\$ 2,500	\$ 0
Funds expended	<u>269,785</u>	<u>111,818</u>	<u>21,306</u>	<u>2,500</u>	<u>0</u>
Excess (deficiency) of funds advanced	<u>\$ 167</u>	<u>\$ (148)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>