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**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED MARCH 31, 2001

Under provisions of state law, this report is a public document. A copy of the report is being furnished to the entity and other appropriate agencies. For a report is available to public use, the Louisiana Register office of the Louisiana State Auditor, or, if appropriate, at the office of the parish clerk of court.

Release Date 1/2/03

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Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the Town of Colfax
Colfax, Louisiana

We have audited the accompanying financial statements of the **Housing Authority of the Town of Colfax (HATC)**, as of and for the year ended March 31, 2001, as listed in the Table of Contents. These financial statements are the responsibility of HATC'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 of America. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HATC as of March 31, 2001, and the results of its operations and cashflows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of the Town of Colfax
Colfax, Louisiana
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2002, on our consideration of HATC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance and reportable conditions.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 28, 2002

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
BALANCE SHEET--ENTERPRISE FUND
MARCH 31, 2001

ASSETS

Cash and temporary cash investment (NOTE 2)	\$ 60,188
Amounts receivable (NOTE 12)	26,441
Investments (NOTE 3)	168,670
Prepaid and other assets, net	4,237
Land, structures and equipment, net (NOTES 4 AND 6)	<u>1,634,955</u>
Total assets	<u>\$1,894,491</u>

LIABILITIES AND EQUITY

Liabilities:

Amounts and other payables (NOTE 5)	\$ 21,839
Compensated absences payable	3,871
Security deposits held for tenants (NOTE 2)	<u>4,154</u>

Total liabilities 29,864

Equity:

Contributed capital (NOTE 6) 2,014,912

Retained deficit:

Unreserved retained deficit (150,285)

Total equity 1,864,627

Total liabilities and equity \$1,894,491

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED DEFICIT--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2001

Operating Revenues:	
Dwelling rental	\$ 89,439
Other income	<u>10,037</u>
Total operating revenues	<u>99,476</u>
Operating Expenses:	
Salaries and employee benefits	95,763
Materials	11,044
Contractual services	25,442
Utilities	26,816
Depreciation	192,678
Insurance	20,773
Housing assistance payments	113,186
Convention and travel	2,347
Payment in lieu of taxes	6,437
General	19,492
Bad debt	<u>4,190</u>
Total operating expenses	<u>518,168</u>
Operating loss	<u>(418,692)</u>
Non-operating Revenues:	
Grants and subsidies	244,053
Interest income	8,610
Other	<u>3,626</u>
Total non-operating revenues	<u>256,289</u>
Net loss	(162,403)
Retained earnings, beginning of year	203,329
Adjustment to beginning retained earnings (NOTE 13)	<u>(191,211)</u>
Retained earnings, beginning of year, as restated	<u>12,118</u>
Retained deficit, end of year	<u>\$(150,285)</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2001

Operating loss	\$(418,692)
Adjustments to reconcile operating loss to net cash (used) in or provided by operating activities:	
Depreciation	192,678
Bad debt expense	4,190
Increase in amounts receivable, net	(20,000)
Decrease in inventories	2,892
Decrease in prepaid and other assets	11,775
Decrease in amounts and other payable	(66,533)
Increase in security deposits held for tenants	222
Increase in compensated absences payable	2,066
Other	<u>449</u>
Net cash (used) in operating activities	<u>(290,953)</u>
Cash Flows from Investing Activities:	
Interest received	8,160
Purchase of investments	<u>(168,670)</u>
Cash (used) in investing activities	<u>(160,510)</u>
Cash Flows from Noncapital Financing Activities:	
Subsidies from Federal and City grants and other	244,053
Other	<u>3,626</u>
Cash provided by noncapital financing activities	<u>247,679</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of fixed assets	(3,932)
Contributed capital	<u>75,487</u>
Net cash provided by capital and related financing activities	<u>71,555</u>
Net decrease in cash and temporary cash investment	(132,229)
Cash and temporary cash investment, beginning of year	<u>192,417</u>
Cash and temporary cash investment, end of year	<u>\$ 60,188</u>
Interest paid during the fiscal year ended March 31, 2001	<u>\$ -0-</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Background and General Data:

Background

The **Housing Authority of the Town of Colfax (HATC)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HATC** has been contracted by HUD to administer Low-Income and Housing Choice Voucher Programs, respectively, under Annual Contribution Contracts.

As of March 31, 2001, **HATC** was primarily engaged in the administration of Low-Income and Housing Choice Voucher Programs to Low-Income residents in the town of Colfax, Louisiana. Under the Low-Income Program, **HATC** provides eligible families housing under leasing arrangements. For the Housing Choice Voucher Program, **HATC** provides funds in the form of rental subsidies to owners on behalf of eligible tenants.

Financial Reporting Entity

HATC has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the Town of Colfax.

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued

Financial Reporting Entity, Continued

HATC was established as a separate, legal entity with a governing board which is separate and independent of any other governmental “reporting entity” as defined by GASB 14. Accordingly, management has concluded that **HATC** is a financial reporting entity within the meaning of the provisions of GASB 14.

Basis of Presentation

As required by Louisiana State Reporting Law (LA-R.S. 24:514) and HUD regulations, financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of **HATC** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

Proprietary Fund Type - Proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HATC** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HATC**'s fund include the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

Budgets

HATC prepares an annual budget for its proprietary fund. Prior to the beginning of the calendar year on January 1, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HATC does not present its budgeted to actual comparison for the enterprise fund as part of its financial statement as accounting principles generally accepted in the United States of America does not require such, despite adoption of an annual budget by **HATC's** Board.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cashflows

For purposes of the statement of cashflows, **HATC** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When no historical records are available, fixed assets are valued at estimated historical cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

Structures and equipment with cost of \$150 or more are capitalized and depreciated in the enterprise fund of HATC using the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Land improvements	15
Building	33
Building improvements	15
Equipment	3-7

Compensated Absences

HATC follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) 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.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

Compensated Absences, Continued

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs.

Interprogram due from and to are netted at the combined financial statements level.

NOTE 2 - Cash and Temporary Cash Investment:

At March 31, 2001, **HATC's** cash and temporary cash investment balance was as follows:

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>Approximate Carrying Value</u>	<u>Market Value</u>
Cash	1.5	N/A	<u>\$60,188</u>	<u>\$60,188</u>

Included in cash and temporary cash investment at March 31, 2001, are tenant security deposits of \$4,154.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash and Temporary Cash Investment, Continued:

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **HATC**.

At March 31, 2001, the carrying amount of **HATC**'s cash deposits was \$60,188 and the cumulative bank balance was \$67,444. The bank balance is covered by federal depository insurance and collateral held by the pledging institution's agent in **HATC**'s name.

Cash and temporary cash investment is categorized as Category 1. Category 1 represents cash insured or collateralized with securities held by the pledging financial institution's trust department or agent in **HATC**'s name.

NOTE 3 - Investments:

At March 31, 2001, investments consisted of certificates of deposit as follows:

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>Carrying Value</u>	<u>Approximate Market Value</u>
Certificate of Deposit	5.56	04/02/01	\$ 77,574	\$ 77,574
Certificate of Deposit	3.10	08/04/02	81,096	81,096
Certificate of Deposit	2.75	04/28/02	<u>10,000</u>	<u>10,000</u>
			<u>\$168,670</u>	<u>\$168,670</u>

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Land, Structures and Equipment:

At March 31, 2001, land, structures and equipment consisted of the following:

	Balance April 1, 2001	Additions	(Retirements)	Other Changes	Balance March 31, 2001
Land and land improvements	\$ 2,906	\$ -0-	\$ -0-	\$ 419,691	\$ 422,597
Buildings and building improvements	4,475,778	6,082	-0-	(411,411)	4,070,449
Equipment	96,102	3,932	-0-	-0-	100,034
Construction-in-progress	<u>6,082</u>	<u>-0-</u>	<u>(6,082)</u>	<u>-0-</u>	<u>-0-</u>
	4,580,868	10,014	(6,082)	8,280	4,593,080
Less accumulated depreciation	<u>(2,574,236)</u>	<u>(383,889)</u>	<u>-0-</u>	<u>-0-</u>	<u>(2,958,125)</u>
Total	<u>\$ 2,006,632</u>	<u>\$(373,875)</u>	<u>\$(6,082)</u>	<u>\$ 8,280</u>	<u>\$ 1,634,955</u>

Also, see NOTE 13.

NOTE 5 - Amounts and Other Payables:

At March 31, 2001, amounts and other payables consisted of the following:

Vendors	\$ 2,925
Accrued wages and taxes payable	1,046
HUD	11,431
Other	<u>6,437</u>
	<u>\$21,839</u>

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Contributed Capital:

At March 31, 2001, contributed capital consisted primarily of reclassification of HUD guaranteed debt previously recorded on the books of HATC as payable by HUD and secured by annual contributions. The debt does not constitute an obligation of HATC and accordingly has not been reported in the accompanying financial statements. Contributed capital also includes the net of accumulated expenses, grants and subsidies of HATC. An analysis of contributed capital follows:

Balance April 1, 2001	\$2,006,632
Addition	<u>8,280</u>
Balance, March 31, 2001	<u>\$2,014,912</u>

NOTE 7 - Retirement System:

Plan Description

HATC participates in a single employer defined contribution plan.

Plan Funding

Funding for the system is through a contribution of 8.5% and 6.5% by HATC and its employees, respectively. The contribution amount is based on the employee's base salary each month. HATC's contributions for each employer vests at a rate of twenty (20%) percent annually for each year of participation.

HATC's gross payroll for the year ended March 31, 2001, was \$73,821. HATC and employee contributions made for the year ended March 31, 2001 amounted to \$12,794.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Risk Management:

HATC is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HATC** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 9 - Concentration of Credit Risk:

HATC receives primarily all of its revenues from dwelling rentals and HUD. If the amount of revenues received from both dwelling rentals and HUD falls below contract levels, **HATC's** operating results could be adversely affected.

NOTE 10 - Contingencies:

HATC is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HATC**. These examinations may result in required refunds by **HATC** to the agencies and/or program beneficiaries.

NOTE 11 - Commitments:

At March 31, 2001, **HATC** has executed a capital fund program awards with HUD in the amount of \$170,379. Cumulative outstanding commitments at March 31, 2001, was \$162,099.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - Amounts Receivable:

At March 31, 2001, amounts receivable consisted of the following:

Amounts receivable - HUD	\$18,170
Amounts receivable - tenants	4,368
Accrued interest receivable	<u>3,903</u>
Total	<u>\$26,441</u>

NOTE 13 - Adjustment to Beginning Retained Deficit:

The adjustment to beginning retained deficit at March 31, 2001, is the result of an understatement in depreciation expense in 2000 of \$191,211 due to a failure to record depreciation expense for 2000.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
Housing Authority of the Town of Colfax
Colfax, Louisiana

Our report on our audit of the financial statements of the **Housing Authority of the Town of Colfax (HATC)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) 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 financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, and IV) which are prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

August 28, 2002

SCHEDULE I

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2001**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
<u>Subject to Annual Contributions Contracts</u>		
Public and Indian Housing Operating Subsidy	14.850	\$110,225
**Housing Choice Voucher Program	14.871	15,977
**Section 8 Certificate Program	14.857	<u>117,851</u>
Total		<u>\$244,053</u>

**Denotes cluster program

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HATC and is presented on an accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
MARCH 31, 2001

<u>Line Item No.</u>	<u>Account Description</u>	Public Housing Low Rent Program	Housing Choice Voucher Program	Section 8 Certificate Program	Totals (Memorandum Only)
111	Cash - unrestricted	\$ 56,034	\$ -0-	\$ -0-	\$ 56,034
114	Cash - tenant security deposits	<u>4,154</u>	<u>-0-</u>	<u>-0-</u>	<u>4,154</u>
100	Total cash	<u>60,188</u>	<u>-0-</u>	<u>-0-</u>	<u>60,188</u>
122	Accounts receivable - HUD other projects	-0-	-0-	18,170	18,170
125	Accounts receivable - miscellaneous	-0-	-0-	-0-	-0-
126	Accounts receivable - tenants dwelling rents	4,368	-0-	-0-	4,368
129	Accrued interest receivable	<u>3,903</u>	<u>-0-</u>	<u>-0-</u>	<u>3,903</u>
120	Total receivables, net of allowances for doubtful accounts	<u>8,271</u>	<u>-0-</u>	<u>18,170</u>	<u>26,441</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2001

<u>Line Item No.</u>	<u>Account Description</u>	<u>Public Housing Low Rent Program</u>	<u>Housing Choice Voucher Program</u>	<u>Section 8 Certificate Program</u>	<u>Totals (Memorandum Only)</u>
131	Investments	\$ 168,670	\$ -0-	\$ -0-	\$ 168,670
142	Prepaid expenscs and other assets	1,345	-0-	-0-	1,345
143	Inventories	2,892	-0-	-0-	2,892
144	Interprogram due from	<u>-0-</u>	<u>11,993</u>	<u>-0-</u>	<u>11,993</u>
150	Total current assets	<u>241,366</u>	<u>11,993</u>	<u>18,170</u>	<u>271,529</u>
161	Land	2,906	-0-	-0-	2,906
162	Buildings	4,070,449	-0-	-0-	4,070,449
163	Furniture, equipment & machinery-dwellings	53,377	-0-	-0-	53,377
164	Furniture, equipment & machinery-administration	45,739	-0-	918	46,657
165	Leasehold improvements	419,691	-0-	-0-	419,691
166	Accumulated depreciation	<u>(2,957,207)</u>	<u>-0-</u>	<u>(918)</u>	<u>(2,958,125)</u>
160	Total fixed assets, net of accumulated depreciation	<u>1,634,955</u>	<u>-0-</u>	<u>-0-</u>	<u>1,634,955</u>
180	Total non-current assets	<u>1,634,955</u>	<u>-0-</u>	<u>-0-</u>	<u>1,634,955</u>
190	Total	<u>\$ 1,876,321</u>	<u>\$ 11,993</u>	<u>\$ 18,170</u>	<u>\$ 1,906,484</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2001

<u>Line Item No.</u>	<u>Account Description</u>	<u>Public Housing Low Rent Program</u>	<u>Housing Choice Voucher Program</u>	<u>Section 8 Certificate Program</u>	<u>Totals (Memorandum Only)</u>
312	Accounts payable ≤90 days	\$ 2,925	\$ -0-	\$ -0-	\$ 2,925
321	Accrued wages/payroll taxes payable	1,046	-0-	-0-	1,046
322	Accrued compensated absences	3,871	-0-	-0-	3,871
331	Accounts payable - HUD PHA programs	-0-	11,431	-0-	11,431
333	Payments in lieu of taxes	6,437	-0-	-0-	6,437
341	Tenant security deposits	4,154	-0-	-0-	4,154
347	Interprogram due to	<u>10,342</u>	<u>-0-</u>	<u>1,651</u>	<u>11,993</u>
310	Total current liabilities	<u>28,775</u>	<u>11,431</u>	<u>1,651</u>	<u>41,857</u>
300	Total liabilities	<u>28,775</u>	<u>11,431</u>	<u>1,651</u>	<u>41,857</u>
504	Net HUD PHA contributions	<u>2,014,912</u>	<u>-0-</u>	<u>-0-</u>	<u>2,014,912</u>
508	Total contributed capital	<u>2,014,912</u>	<u>-0-</u>	<u>-0-</u>	<u>2,014,912</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2001

<u>Line Item No.</u>	<u>Account Description</u>	Public Housing Low Rent Program	Housing Choice Voucher Program	Section 8 Certificate Program	Totals (Memorandum Only)
512	Undesignated fund balance/retained earnings (deficit)	\$ <u>(167,366)</u>	\$ <u>562</u>	\$ <u>16,519</u>	\$ <u>(150,285)</u>
513	Total equity	<u>1,847,546</u>	<u>562</u>	<u>16,519</u>	<u>1,864,627</u>
600	Total liabilities and equity	<u>\$ 1,876,321</u>	<u>\$11,993</u>	<u>\$18,170</u>	<u>\$ 1,906,484</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2001

<u>Line Item No.</u>	<u>Account Description</u>	Public Housing Low Rent Program	Housing Choice Voucher Program	Section 8 Certificate Program	Totals (Memorandum Only)
703	Net tenant rental revenue	\$ 89,439	\$ -0-	\$ -0-	\$ 89,439
704	Tenant revenue - other	<u>10,037</u>	<u>-0-</u>	<u>-0-</u>	<u>10,037</u>
705	Total tenant revenues	<u>99,476</u>	<u>-0-</u>	<u>-0-</u>	<u>99,476</u>
706	HUD PHA grants	110,225	15,977	117,851	244,053
711	Investment income - unrestricted	8,610	-0-	-0-	8,610
715	Other revenue	<u>3,626</u>	<u>-0-</u>	<u>-0-</u>	<u>3,626</u>
700	Total revenues	<u>221,937</u>	<u>15,977</u>	<u>117,851</u>	<u>355,765</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

<u>Line Item No.</u>	<u>Account Description</u>	<u>Public Housing Low Rent Program</u>	<u>Housing Choice Voucher Program</u>	<u>Section 8 Certificate Program</u>	<u>Totals (Memorandum Only)</u>
911	Administrative salaries	\$ 21,364	\$ 2,192	\$ 8,767	\$ 32,323
912	Auditing fees	3,130	-0-	-0-	3,130
914	Compensated absences	2,065	-0-	-0-	2,065
915	Employee benefit contributions- administrative	8,549	-0-	-0-	8,549
916	Other operating-administrative	22,012	192	793	22,997
931	Water	14,971	-0-	-0-	14,971
932	Electricity	3,504	-0-	-0-	3,504
933	Gas	738	-0-	-0-	738
938	Other utilities expense	7,603	-0-	-0-	7,603
941	Ordinary maintenance and operations-labor	<u>43,119</u>	<u>-0-</u>	<u>-0-</u>	<u>43,119</u>
	Page total	<u>127,055</u>	<u>2,384</u>	<u>9,560</u>	<u>138,999</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

<u>Line Item No.</u>	<u>Account Description</u>	<u>Public Housing Low Rent Program</u>	<u>Housing Choice Voucher Program</u>	<u>Section 8 Certificate Program</u>	<u>Totals (Memorandum Only)</u>
942	Ordinary maintenance and operations-materials and other	\$ 11,044	\$ -0-	\$ -0-	\$ 11,044
943	Ordinary maintenance and operations-contract costs	18,473	-0-	-0-	18,473
945	Employee benefit contributions-ordinary maintenance	9,707	-0-	-0-	9,707
961	Insurance premiums	20,773	-0-	-0-	20,773
962	Other general expenses	1,476	240	965	2,681
963	Payment in lieu of taxes	6,437	-0-	-0-	6,437
964	Bad debt - tenant rents	<u>4,190</u>	<u>-0-</u>	<u>-0-</u>	<u>4,190</u>
969	Total operating expenses	<u>199,155</u>	<u>2,624</u>	<u>10,525</u>	<u>212,304</u>
970	Excess of operating revenues over operating expenses	<u>22,782</u>	<u>13,353</u>	<u>107,326</u>	<u>143,461</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

<u>Line Item No.</u>	<u>Account Description</u>	<u>Public Housing Low Rent Program</u>	<u>Housing Choice Voucher Program</u>	<u>Section 8 Certificate Program</u>	<u>Total (Memorandum Only)</u>
973	Housing assistance payments	\$ -0-	\$13,499	\$ 99,687	\$ 113,186
974	Depreciation expense	<u>192,678</u>	<u>-0-</u>	<u>-0-</u>	<u>192,678</u>
900	Total expenses	<u>391,833</u>	<u>16,123</u>	<u>110,212</u>	<u>518,168</u>
1000	Excess (deficiency) of operating revenues over expenses	<u>\$(169,896)</u>	<u>\$ (146)</u>	<u>\$ 7,639</u>	<u>\$(162,403)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA**
STATEMENT OF ACTUAL MODERNIZATION COST (INCOMPLETE)
FROM INCEPTION THROUGH THE YEAR ENDED MARCH 31, 2001

La-48P122906-99

Funds approved	\$170,379
Funds expended	<u>(8,280)</u>
Excess of funds approved	<u>\$162,099</u>
Funds Advanced:	
Grant funding	\$ <u>8,280</u>
Total funds advanced	8,280
Funds expended	<u>(8,280)</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>

See Independent Auditors' Report on Supplementary Information.



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American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the Town of Colfax
Colfax, Louisiana

We have audited the financial statements of the **Housing Authority of the Town of Colfax (HATC)** as of and for the year ended March 31, 2001, and have issued our report thereon dated August 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether **HATC's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Findings as items 2001-02 and 2001-03.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HATC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations 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 reporting that, in our judgement, could adversely affect HATC'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 Summary Schedule of Findings as items 2001- 01, 2001-02, 2001-04 and 2001-05.

We also noted other matters involving internal control over financial reporting which we have reported to management of HATC in a separate letter dated August 28, 2002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting that might be material weaknesses. However, we believe that none of the reportable conditions described in the Summary Schedule of Findings is a material weakness.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the information and use of the Board of Commissioners, HATC's management, the Legislative Auditor, State of Louisiana and the United States Department of Housing and Urban Development and is not intended to, and should not be used by anyone other than those specified parties.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 28, 2002

HOUSING AUTHORITY OF THE TOWN OF COLFAX
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED MARCH 31, 2001

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Reportable condition (s) identified that are not considered to be material weaknesses? **Yes**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? **Not applicable**
- Reportable condition(s) identified that are not considered to be material weakness(es)? **Not applicable**

Type of auditor's report issued on compliance for major programs: **Not applicable**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? **Not applicable**

HOUSING AUTHORITY OF THE TOWN OF COLFAX
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs:

CFDA Number

Name of Federal Program or Cluster

Not Applicable

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

Section II - Financial Statement Findings

Reference Number

2001-01

Federal Program

All programs (See Schedule of Expenditures of Federal Awards)

Criteria

The management of HATC is responsible for establishing and maintaining an effective internal control.

Condition

The operations of HATC's internal control over financial reporting exhibited the following conditions:

- Our review of fifteen (15) cash disbursements for the month of September 2000, revealed fifteen (15) instances where invoices supporting disbursements were not cancelled to minimize the potential for duplicate bill payment.
- Also, our review of the fifteen (15) disbursements as previously described, revealed in all instances the lack of clerical verification of the invoiced amounts.
- In addition, of the fifteen (15) cash disbursements reviewed, we noted an instance of improper account distribution.

Questioned Costs

None.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001**

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2001-01

Effect

A weakened internal control increases the potential risk for errors and/or fraudulent activity.

Cause

HATC has an inadequate oversight system.

Recommendation

Management should re-evaluate the current internal control with an aim toward improving existing procedures and processes to include greater Board oversight.

Management's Response

On September 3, 2002, a new Executive Director was hired by HATC's Board of Commissioners. The Executive Director immediately began reviewing all incoming invoices and disbursements for mathematical verification and approval. In addition a PAID stamp is now in use.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

Section II - Financial Statement Findings, Continued

Reference Number

2001-02

Federal Program

All programs (See Schedule of Expenditures of Federal Awards).

Criteria

In accordance with Federal and State regulations, as well as HATC's procurement policies, all procurements made shall be supported in sufficient detail to justify award by Contracting Officer.

Condition

Our review of fifteen (15) cash disbursements for the month of September 2000 revealed nine (9) instances where the required documentation to support the basis for and type of procurement process used and resulting conclusions were unavailable.

Questioned Costs

\$4,078

Effect

Noncompliance with Federal, and State regulations as well as HATC's procurement policies.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2001-02

Cause

Lack of a system to ensure compliance with established procurement policies.

Recommendation

Management should institute the necessary procedures to facilitate the adequate planning, procurement, monitoring and evaluation of all goods and services subject to HATC's procurement policies as well as Federal and State regulations, as applicable.

Management's Response

A review on all procurement procedures has been completed by the new Executive Director. HATC's procurement policies have been reviewed for update, and will be properly utilized.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001**

Section II - Financial Statement Findings, Continued

Reference Number

2001-03

Federal Program

All programs (See Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to Louisiana Revised Statute LA R.S. 24:513, all completed engagements are required to be submitted to the Legislative Auditor within six months of close of the entity's year end.

Condition

The March 31, 2001 audited financial statements and reports for **HATC** were not submitted within the timeframe dictated by LA R.S. 24:513.

Questioned Costs

None.

Effect

Noncompliance with the report submission requirements of LA R.S. 24:513.

Cause

Management turnover coupled with **HATC's** "troubled" housing designation.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2001-03

Recommendation

We recommend that **HATC** undertaken the necessary action to facilitate the timely submission of its audited financial statements and reports within the established timeframe.

Management's Response

With a new Executive Director now in place, all future year end audit services will be advertised and procured in a timely manner to ensure timely submission of the audited financial statements and reports to the Legislative Auditor.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001**

Section II - Financial Statement Findings, Continued

Reference Number

2001-04

Federal Program

All programs (See Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to Section 15 of the Consolidated Annual Contributions Contract:

“The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits”.

Condition

Our review of the general fund operating bank account reconciliation, revealed six (6) of the nineteen (19) outstanding checks listed bearing dates back to November 1998.

Questioned Costs

None.

Effect

Completeness of financial information coupled with the potential for misappropriation of funds.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2001-04

Cause

Lack of an established procedure coupled with inadequate review of financial statements and related bank account reconciliations prepared by HATC's fee accountant.

Recommendation

We recommend that management establish a policy to ensure the timely identification and resolution of all stale dated checks. The process should include the timely review and approval of all bank account reconciliations prepared by its fee accountant.

Management's Response

Current procedures with fee accountant are under review for resolution of stale dated checks. The bank reconciliation review procedures will be updated to ensure timely approval and resolution of all open items. Anticipated completion date is January 2003.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

Section II - Financial Statement Findings, Continued

Reference Number

2001-05

Federal Program

All programs (See Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to Section 15 of the Consolidated Annual Contributions Contract:

“The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirement and to permit timely and effective audits”.

Condition

Our review of HATC’s tenant accounts receivable balance at March 31, 2001 of \$2,782, revealed that approximately ninety-one percent of the balance was composed of inactive tenants.

Questioned Costs

None.

Effect

Noncompliance with the requirements of its Annual Contributions Contract.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

2001-05

Cause

Lack of policies and procedures to address collection of delinquent accounts on a timely basis.

Recommendation

We recommend that management re-evaluate its current financial and compliance reporting processes and procedures with an aim toward the establishment of improved procedures to ensure the timely identification and resolution of delinquent accounts to include an aggressive collection of all outstanding amounts.

Management's Response

HATC's Board of Commissioners approved the write-off of the balance of uncollected rents at its October 2002, board meeting. Procedures are currently under review to update collection policies and pursue an aggressive collection of delinquent accounts. Anticipated completion date is February 2003.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001

Section III - Federal Award Findings and Questioned Costs

None reported during the audit period ended March 31, 2001, as a Single Audit was not applicable.

Section IV - Status of Prior Years' Findings and Questioned Costs

Reference Number

2000-01

Condition*

Excessive tenants receivable.

Current Status

See current year finding number 2001-05.

Reference Number

2000-02

Condition*

HATC was not in compliance with the income targeting requirements of QHWRA.

Current Status

The new management of HATC is currently reviewing HATC's compliance with requirements of QHWRA and anticipates resolution by no later than March 31, 2003.

*Repeated

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2000-03

Condition*

The PHAMP reports and supporting documentation for the year ended March 31, 2000 were not available for review.

Current Status

The new management of HATC is currently reviewing the document procedure for HATC and anticipates conclusion by no later than March 31, 2003.

Reference Number

2000-04

Condition*

HATC did not have documentation to support the required 5% re-inspection of Section 8 units as detailed by the requirements of SEMAP.

Current Status

The new management of HATC is currently reviewing the document procedure for HATC and anticipates conclusion by no later than March 31, 2003.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX
COLFAX, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2001**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2000-05

Condition*

Inspection reports for three (3) Low Rent Program units were not available for review.

Current Status

The new management of **HATC** is currently reviewing the document procedure for **HATC** and anticipates conclusion by no later than March 31, 2003.



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Waldo J. Moret, Jr., CPA

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT

To the Board of Commissioners
Housing Authority of the Town of Colfax

In planning and performing our audits of the financial statements of the **Housing Authority of the Town of Colfax (HATC)** as of and for the years ended March 31, 2002, and 2001, we considered HATC's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audits, we became aware of matters that are opportunities for strengthening internal control and operating efficiency. We previously reported on HATC's internal control in our report dated August 28, 2002. This letter does not affect our report dated August 28, 2002, on the financial statements of HATC.

We have already discussed many of these comments and suggestions with HATC's personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

The following summarizes the suggestions regarding these matters:

Condition

Shared cost are not being allocated to the various programs managed by HATC on a consistent basis.

Recommendation

We recommend that management review its current cost allocation process with an aim toward ensuring the appropriate and consistent allocation of shared cost between the various programs managed by HATC.

Management's Response

The overall cost allocation methodology, is currently under review by HATC. In addition, the necessary personnel training will be addressed as part of the review process. Anticipated completion date is January 31, 2003.

Condition

Currently, HATC's accounting and program data are stored on-site.

Recommendation

We recommend that management evaluate its current disaster recovery plan. The evaluation process should include, at a minimum, consideration for periodic "back up" of all data and an off-site storage of HATC's "backed-up" computerized data.

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

Management's Response

“Backed-up” data is currently available, however off-site storage is not practical at this time. Management will explore the possibility of an alternate location. Anticipated completion date is December 31, 2002.

Condition

Currently, HATC receives from its fee accountant monthly financial statements on a combined basis for the balance sheet and individual program statements of revenues and expenses.

Recommendation

Considering that the “REAC” reports submitted by the fee accountant have to be prepared on an individual program basis, and to facilitate HATC’s ability to review its completed financial statements from an individual program prospective for completeness and accuracy, we recommend that the financial statement format be restructured to allow for the submission of individual balance sheets and statements of revenues and expenses for each program managed by HATC.

Management's Response

Management will meet and discuss with its fee accountant options available concerning restructuring of monthly statements. Anticipated completion date is January 31, 2003.

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

Condition

Considering the size of HATC, the important elements of internal control and segregation of duties cannot always be achieved to insure adequate protection and safeguarding of HATC's assets.

Recommendation

Management should continue to recognize the importance of internal control and segregation of duties.

Management's Response

Management is aware of the importance of segregation of duties. HATC's personnel size restricts the capability of segregation of duties by number alone. However, management will continue to actively participate in the activities of HATC.

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, Legislative Auditor State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 28, 2002