

**HOUSING AUTHORITY OF THE  
CITY OF VILLE PLATTE  
Ville Platte, Louisiana**

**General-Purpose Financial Statements and  
Independent Auditor's Reports  
As of and for the Year Ended June 30, 2003  
With Supplemental Information Schedules**

**WILLIAM DANIEL McCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

**5150 Highway 22, Suite C-14  
MANDEVILLE, LOUISIANA 70471**

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
 Ville Platte, Louisiana  
 General-Purpose Financial Statements  
 As of and for the Fiscal Year Ended June 30, 2003  
 With Supplemental Information Schedules

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# **William Daniel McCaskill, CPA**

**A Professional Accounting Corporation**

**5150 Highway 22, Suite C-14**

**Mandeville, Louisiana 70471**

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**Telephone 985-845-7772**

**Fax 985-845-1313**

**E-mail danny@highperformer.net**

**Member of**

**Louisiana Society of CPA's**

**Mississippi Society of CPA's**

**American Institute of CPA's**

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the City of Ville Platte  
Ville Platte, Louisiana

I have audited the accompanying general-purpose financial statements of the Housing Authority of the City of Ville Platte as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Louisiana Governmental Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Ville Platte as of June 30, 2003, and the results of its operations for the year ended in conformity with U.S. generally accepted accounting principles.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Independent Auditor's Report, 2003  
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In accordance with Government Auditing Standards, I have also issued a report dated November 30, 2003 on my consideration of the authority's internal control over financial reporting and my tests of its compliance with certain 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 my audit.

My audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the authority taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit Organizations, is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. The accompanying Financial Data Schedule, required by HUD, is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. The accompanying combining schedules are presented for the purpose of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the General-Purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

November 30, 2003

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
 Ville Platte, Louisiana  
 Combined Balance Sheet - All Fund Types and Account Groups  
 As of June 30, 2003

	<i>General Fund (Low Rent)</i>	<i>Special Revenue Funds</i>	<i>Capital Projects Fund</i>	<i>General Fixed Asset Account Group</i>	<i>Total (Memorandum Only)</i>
<u>Assets</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 397,161	\$ 462	\$ 3,708	\$ -	\$ 401,331
Accounts Receivable, Net	695	14,713	47,900	-	63,308
Interprogram Due From	12,621	-	2,092	-	14,713
Prepaid Expenses and Other Assets	39,842	-	-	-	39,842
Total Current Assets	<u>450,319</u>	<u>15,175</u>	<u>53,700</u>	<u>-</u>	<u>519,194</u>
Restricted Assets:					
Cash and cash equivalents	25,219	-	-	-	25,219
Total Restricted Assets	<u>25,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,219</u>
Fixed Assets	-	-	-	7,913,369	7,913,369
Total Assets	<u>\$ 475,538</u>	<u>\$ 15,175</u>	<u>\$ 53,700</u>	<u>\$ 7,913,369</u>	<u>\$ 8,457,782</u>
<u>Liabilities, Equity and Other Credits</u>					
Liabilities:					
Current Liabilities (payable from current assets):					
Accounts Payable	\$ 34,407	\$ -	\$ 51,608	\$ -	\$ 86,015
Accrued Wages and Payroll Taxes Payable	2,093	-	-	-	2,093
Accrued Compensated Absences - Current	36,777	-	-	-	36,777
Other Current Liabilities	1,236	-	-	-	1,236
Interprogram Due To	-	14,713	-	-	14,713
Total Current Liabilities (payable from current assets)	<u>74,513</u>	<u>14,713</u>	<u>51,608</u>	<u>-</u>	<u>140,834</u>
Current Liabilities (payable from restricted assets):					
Tenant Security Deposits	25,219	-	-	-	25,219
Total Liabilities	<u>99,732</u>	<u>14,713</u>	<u>51,608</u>	<u>-</u>	<u>166,053</u>
Equity:					
Investment in General Fixed Assets	-	-	-	7,913,369	7,913,369
Fund Balances:					
Unreserved/Undesignated	375,806	462	2,092	-	378,360
Total Equity	<u>375,806</u>	<u>462</u>	<u>2,092</u>	<u>7,913,369</u>	<u>8,291,729</u>
Total Liabilities, Equity and Other Credits	<u>\$ 475,538</u>	<u>\$ 15,175</u>	<u>\$ 53,700</u>	<u>\$ 7,913,369</u>	<u>\$ 8,457,782</u>

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

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
 Ville Platte, Louisiana  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Governmental Funds  
 For Fiscal Year Ended June 30, 2003

	<i>General Fund (Low Rent)</i>	<i>Special Revenue Funds</i>	<i>Capital Project Funds</i>	<i>Total (Memorandum Only)</i>
<b>REVENUES</b>				
Local Sources:				
Net Tenant Rental Revenue	\$ 308,692	\$ -	\$ -	\$ 308,692
Tenant Revenue - Other	31,912	-	-	31,912
Investment Income - Unrestricted	11,184	-	-	11,184
Other	75,380	1,631	-	77,011
Federal Sources:				
Operating Subsidy	447,250	-	-	447,250
Grants	-	60,256	565,343	625,599
Other	-	7,964	-	7,964
Total Revenues	<u>874,418</u>	<u>69,851</u>	<u>565,343</u>	<u>1,509,612</u>
<b>EXPENDITURES</b>				
Current:				
Administration	213,807	-	38,475	252,282
General Expenditures	99,076	69,389	-	168,465
Ordinary Maintenance & Operation	312,037	-	-	312,037
Extraordinary Maintenance & Operation	18,083	-	-	18,083
Utilities	154,368	-	-	154,368
Capital Outlay	17,141	-	523,076	540,217
Total Expenditures	<u>814,512</u>	<u>69,389</u>	<u>561,551</u>	<u>1,445,452</u>
Excess of Revenues Over Expenditures	<u>59,906</u>	<u>462</u>	<u>3,792</u>	<u>64,160</u>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(1,700)	(1,700)
Total Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>(1,700)</u>	<u>(1,700)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>59,906</u>	<u>462</u>	<u>2,092</u>	<u>62,460</u>
Fund Balances at Beginning of Year	<u>315,900</u>	<u>-</u>	<u>-</u>	<u>315,900</u>
Fund Balances at End of Year	<u>\$ 375,806</u>	<u>\$ 462</u>	<u>\$ 2,092</u>	<u>\$ 378,360</u>

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

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
 Ville Platte, Louisiana  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 For Fiscal Year Ended June 30, 2003

	<i>General Fund (Low Rent)</i>		
	<i>Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
REVENUES			
Local Sources:			
Net Tenant Rental Revenue	\$ 308,000	\$ 308,692	\$ 692
Tenant Revenue - Other	36,000	31,912	(4,088)
Investment Income - Unrestricted	4,500	11,184	6,684
Other	57,000	75,380	18,380
Federal Sources			
Operating Subsidy	447,250	447,250	-
Total Revenues	<u>852,750</u>	<u>874,418</u>	<u>21,668</u>
EXPENDITURES			
Current:			
Administration	220,568	213,807	6,761
General Expenditures	94,198	99,076	(4,878)
Ordinary Maintenance & Operation	305,200	312,037	(6,837)
Extraordinary Maintenance & Operation	13,614	18,083	(4,469)
Utilities	151,230	154,368	(3,138)
Capital Outlay	8,860	17,141	(8,281)
Total Expenditures	<u>793,670</u>	<u>814,512</u>	<u>(20,843)</u>
Excess of Revenues Over Expenditures	59,081	59,906	(825)
Fund Balances at Beginning of Year	<u>315,900</u>	<u>315,900</u>	-
Fund Balances at End of Year	<u>\$ 374,981</u>	<u>\$ 375,806</u>	<u>\$ 825</u>

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

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Notes to the Financial Statements  
For Fiscal Year Ended June 30, 2003

The Public Housing Authority (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Ville Platte, Louisiana. This creation was contingent upon the approval of the local governing body of the City. A five member Board of Commissioners governs the authority. The members, appointed by the City of Ville Platte Louisiana, serve a four year staggered term.

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 low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the authority for the purpose of assisting the authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the authority for the purpose of maintaining this low rent character.

At June 30, 2003, the authority was managing a Low Rent Public Housing Program, a Capital Fund Program, a Drug Elimination Program, and an Adult Education Program funded 83% by federal funds and 17% by state funds.

*NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

(1) Basis of Presentation

The accompanying financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

(2) Financial Reporting Entity

GASB Codification Section 2100 defines criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the authority is legally separate and fiscally independent, the authority is a separate governmental reporting entity.

The authority is a related organization of the City of Ville Platte, Louisiana since the city appoints a voting majority of the authority's governing board. The city is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to,

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Ville Platte, Louisiana

Notes to the Financial Statements, 2003 – Continued

or impose financial burdens on, the city. Accordingly, the authority is not a component unit of the financial reporting entity of the city.

The financial statements include all funds and activities that are within the oversight responsibility of the authority.

GASB Codification Section 2100 defines criteria for determining which component units should be considered part of the authority for financial reporting purposes. The basic criterion 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. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the authority 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 authority.
2. Organizations for which the authority does not appoint a voting majority, but are fiscally dependent on the authority.
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.

The authority has created three entities that are potential component units (PCU) for the purpose of developing affordable dwellings and operating them as rentals. As of fiscal year end, none of the PCU's has entered into any transactions. Accordingly, there are no financial operations to report or to consider reporting as of June 30, 2003. At a later date, if the PCU's enter into any transactions, the authority will determine if the PCU's are component units and, if necessary, modify future reporting accordingly.

It is noted that one of the PCU's did receive preliminary approval of a \$400,000 loan from the Louisiana Housing Finance Agency but has not drawn down any of the funds and has not incurred any expenses or related liabilities for the contemplated project.

(3) Fund Accounting

The authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain

## HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Ville Platte, Louisiana

Notes to the Financial Statements, 2003 – Continued

government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the authority are classified as governmental. Governmental funds account for all or most of the authority's general activities including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

General Fund - the general operating fund of the authority accounts for all financial resources, except those required to be accounted for in other funds. The general fund includes transactions of the low rent housing assistance program.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds contain transactions of the drug elimination program and the adult education program administered by the authority.

Capital Projects Funds - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds. Capital projects funds contain transactions relating to active modernization and development programs.

#### (4) Budgetary Data

The authority is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program. Both annual and project length budgets require grantor approval. The budget comparison includes amendment(s).

#### (5) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues - Rental revenues are recorded when due. Operating subsidies and the annual contributions received from HUD are recorded when available and measurable. Federal restricted grants are recorded when reimbursable expenditures have been incurred. Interest income is recorded when the amount can be determined.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Ville Platte, Louisiana

Notes to the Financial Statements, 2003 – Continued

Expenditures - Salaries and the related benefits are recorded when earned by the employees. Capital outlay is recorded when the cost has been incurred. Debt service expenditures are recorded when payments are due. Compensated absences are recorded as expenses of the appropriate fund when the employee has earned the right to receive payment and when it is probable that the authority will pay the expense either as paid time off to the employee or upon termination of the employee. The long-term portion of compensated absences payable is considered immaterial and is included in the General Fund.

Other Financing Sources (Uses) - Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, and long-term debt proceeds) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

(6) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(7) Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in certificates of deposits and those investments with original maturities of 90 days or less.

Under state law, the 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 principal offices in Louisiana.

(8) Short-term Interfund Receivables and Payables

Short-term interfund loans are classified as Interprogram Due From and Interprogram Due To. No eliminations have been made in the accompanying financial statements.

(9) Inventories

Inventory items are valued at cost on a first-in first-out (FIFO) basis. Any difference between cost and market is deemed immaterial. The authority uses a periodic inventory system and accounts for inventory using the purchase method.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Ville Platte, Louisiana

Notes to the Financial Statements, 2003 – Continued

(10) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses generally consist of prepaid insurance.

(11) Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

(12) Compensated Absences

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

(13) Total Columns on Combined Statements

The total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

*NOTE B - CASH AND CASH EQUIVALENTS*

At June 30, 2003, the authority has cash and cash equivalents (book balances) totaling \$426,550 as follows:

Interest-Bearing Demand Deposits	\$47,813
Demand Deposits	4,233
Time Deposits	374,404
Other	100
Total	<u>\$426,550</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Ville Platte, Louisiana

Notes to the Financial Statements, 2003 – Continued

market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2003, the authority has \$455,755 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

GASB Category 1	\$290,116
GASB Category 2	-
GASB Category 3	165,639
	<u>\$455,755</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the authority that the fiscal agent has failed to pay deposited funds upon demand.

*NOTE C - RECEIVABLES*

Receivables of \$63,308 June 30, 2003, are as follows:

Class Of Receivable	General Fund	Special Revenue Funds	Capital Fund	Total
HUD-Other Projects	-	\$11,630	\$47,900	\$59,530
Other Government	-	3,083	-	3,083
Tenant Dwelling Rents	420	-	-	420
Interest	275	-	-	275
Total	\$695	\$14,713	\$47,900	\$63,308

*NOTE D - FIXED ASSETS*

The changes in general fixed assets follow:

	Balance at Beginning of Year	Additions	Adjustments	Balance at End of Year
Land	\$492,264	-	-	\$492,264
Buildings	7,883,087	523,076	(2,221,208)	6,184,955
Furniture and Equipment:				
Dwellings	382,447	9,801	(392,248)	-
Administration	158,602	7,340	(23,127)	142,815
Leasehold Improvements	-	-	1,093,335	1,093,335
Total	\$8,916,400	\$540,217	\$(1,543,248)	\$7,913,369

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Ville Platte, Louisiana

Notes to the Financial Statements, 2003 – Continued

*NOTE E - RETIREMENT PLAN*

The authority participates in the Housing-Renewal and Local Agency Retirement Plan, administered by William M. Mercer, Incorporated, 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 authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 8.5% percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute 5.5% percent of their annual covered salary.

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

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday or after ten years of participation in the plan.

The authority's total payroll for the year ended June 30, 2003, was \$262,537. The authority's contributions were calculated using the base salary amount of \$215,905. The authority made the required contributions of \$17,391 for the year ended June 30, 2003.

*NOTE F - COMPENSATED ABSENCES*

At June 30, 2003, employees of the authority have accumulated and vested \$36,777 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. The long-term portion is considered immaterial and is presented as a liability of the General Fund.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
 Ville Platte, Louisiana  
 Notes to the Financial Statements, 2003 – Continued

*NOTE G - INTERPROGRAM ASSETS AND LIABILITIES*

Fund	Due From	Due To
Low Rent	\$12,621	-
Capital Fund Program	2,092	-
PHDEP	-	\$11,630
Adult Education	-	3,083
Total	\$14,713	\$14,713

*NOTE H - PRIOR PERIOD ADJUSTMENTS AND CORRECTIONS OF ERRORS*

The housing authority recorded an adjustment of \$1,543,248 to the general fixed asset account group pursuant to an analysis of fixed assets.

*NOTE I - RISK MANAGEMENT*

The authority is exposed to all common perils associated with the ownership and rental of real estate properties. To minimize loss occurrence and to transfer risk, the authority carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

*NOTE J - FEDERAL COMPLIANCE CONTINGENCIES*

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

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Schedule of Compensation Paid Board Members  
For Fiscal Year Ended June 30, 2003

Board members serve without compensation.

**William Daniel McCaskill, CPA**  
**A Professional Accounting Corporation**  
**5150 Highway 22, Suite C-14**  
**Mandeville, Louisiana 70471**

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Telephone 985-845-7772  
Fax 985-845-1313  
E-mail danny@highperformer.net

Member of  
Louisiana Society of CPA's  
Mississippi Society of CPA's  
American Institute of CPA's

**INDEPENDENT AUDITOR'S 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 City of Ville Platte**  
Ville Platte, Louisiana

I have audited the financial statements of the Housing Authority of the City of Ville Platte (the authority), as of and for the year ended June 30, 2003 and have issued my report thereon dated November 30, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which is described in the accompany Schedule of Findings and Questioned Costs as item 2003-1 and 2003-2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its

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operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 2003-1.

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 general purpose 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 2003-1 to be a material weakness.

This report is intended for the information of the board of commissioners, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

November 30, 2003

# **William Daniel McCaskill, CPA**

**A Professional Accounting Corporation**

**5150 Highway 22, Suite C-14**

**Mandeville, Louisiana 70471**

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**Telephone 985-845-7772**

**Fax 985-845-1313**

**E-mail [danny@highperformer.net](mailto:danny@highperformer.net)**

**Member of**

**Louisiana Society of CPA's  
Mississippi Society of CPA's  
American Institute of CPA's**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners  
Housing Authority of the City of Ville Platte  
Ville Platte, Louisiana

## Compliance

I have audited the compliance of the Housing Authority of the City of Ville Platte (the authority) 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 June 30, 2003. The authority's major federal program is 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 its major federal program is the responsibility of the authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

I conducted my audit of compliance in accordance with: auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government 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 I 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 authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the authority's compliance with those requirements.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
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As described in item 2003-1, in the accompany Schedule of Findings and Questioned Costs, the authority did not comply with the requirements regarding equipment and real property management. Compliance with such requirements is necessary, in my opinion, for the authority, to comply with requirements applicable to the capital fund program.

In my opinion, except for the noncompliance described in the preceding paragraph, the authority 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 June 30, 2003. The results of my auditing procedures also disclosed other instance of noncompliance with those requirements with respect to the Low Rent Public Housing Program, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2003-1.

Internal Control Over Compliance

The management of the authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted a certain matter involving the internal control over compliance and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompany Schedule of Findings and Questioned Costs as items 2003-1.

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 noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
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employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 2003-1 to be a material weakness.

This report is intended for the information of the board of commissioners, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

November 30, 2003

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
 Ville Platte, Louisiana  
 Schedule of Expenditures of Federal Awards  
 For Fiscal Year Ended June 30, 2003

<i>CFDA #</i>	<i>Name of Federal Program</i>	<i>Federal Award Expenditure</i>
<b>Direct from U.S. Department of Housing and Urban Development:</b>		
14.850a	Low Rent Public Housing	\$ 447,250
14.854	Public and Indian Housing Drug Elimination Program	60,256
14.872	Public Housing Capital Fund Program	565,343
<b>Passed Through Louisiana Department of Education:</b>		
84.002	Adult Education	9,595
	Total Federal Expenditures	<u>\$ 1,082,444</u>

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Schedule of Prior Year Audit Findings  
Fiscal Year Ended June 30, 2003

Finding 2002-1

The housing authority did not have adequate pledged securities at year-end.  
This finding has been cleared.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Schedule of Current Audit Findings and Questioned Costs  
Fiscal Year Ended June 30, 2003

Per OMB Circular A-133, Section 505(d)

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the authority.
2. One reportable condition disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards.
3. Two instances of noncompliance material to the financial statements of the authority, which are required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. One reportable condition was disclosed during the audit of internal control over major federal award programs is reported in the Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the authority expresses a qualified opinion on the major federal program.
6. Audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program: 14.872 Capital Fund Program
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The authority does not qualify as a low-risk auditee.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Schedule of Current Audit Findings and Questioned Costs (Continued)  
Fiscal Year Ended June 30, 2003

FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENTS AUDIT:

**Finding 2003-1**

See Major Programs finding below.

**Finding 2003-2**

Program(s)

All

Condition - The PHA's board of commissioners includes one member that is also the secretary to the mayor of the City of Ville Platte.

Criteria – Because the mayor of the City of Ville Platte appoints the PHA's board members and in this case the former mayor appointed this particular board member, Louisiana Revised Statute 42:1113 can be interpreted in such a way that the appointment referred to above is a prohibited transaction.

Cause – Unknown

Effect - The PHA's board of commissioners and/or the mayor's office may be in violation of RS 42:1113.

Questioned Costs – None

Perspective Information – Not applicable

Recommendation – I recommend that the PHA seek a decision from the Louisiana Board of Ethics.

Management's Response – See corrective action plan.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Schedule of Current Audit Findings and Questioned Costs (Continued)  
Fiscal Year Ended June 30, 2003

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS  
PROGRAM AUDIT:

**Finding 2003-1**

Program(s)

Low Rent and CFP

Condition - The PHA has not provided the fee accountant with a current physical inventory of equipment so the general ledger could be adjusted accordingly.

Criteria – OMB Circular A-102, The Common Rule, requires that the PHA take a physical inventory of equipment and reconcile the inventory to the general ledger at least every two years.

Cause - The PHA had a list of equipment in a computer that crashed, and the list could not be recovered. The PHA's internal control procedures should include properly storing backup copies of computerized files and retaining a hard copy of the equipment list.

Effect – During the audit, a list was obtained from the PHA and an audit adjustments was recorded to adjust the general ledger to the list. Additionally, the PHA is not in compliance with the referenced regulations.

Questioned Costs – None

Perspective Information – Equipment as of June 30, 2003 totaled \$142,815

Recommendation – The PHA should perform a physical inventory of equipment at least every other year and reconcile the inventory to the general ledger.

Management's Response – See corrective action plan.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Corrective Action Plan for Current Year Findings  
For Fiscal Year Ended June 30, 2003

**Finding 2003-1**

Action Planned – We did complete a physical inventory as of June 30, 2003. We provided it to the auditor and will provide it to the fee accountant as well. We will complete an inventory annually and see that the fee accountant adjusts the general ledger accordingly.

Person Responsible – Paul Ortego

Anticipated Completion Date – January 31, 2004

**Finding 2003-2**

Action Planned – We will refer this matter to the PHA's attorney and, based upon his recommendation, take appropriate action.

Person Responsible – The Board of Commissioners

Anticipated Completion Date – January 31, 2004

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Financial Data Schedule  
For Fiscal Year Ended June 30, 2003

Line Item Number	Account Description	Low Rent Public Housing	PHDEP	Capital Fund Program	Adult Education	General Fixed Asset Account Group	Total
111	Cash - unrestricted	\$ 397,161	\$ 462	\$ 3,708	\$ -	\$ -	\$ 401,331
114	Cash - tenant security deposits	25,219	-	-	-	-	25,219
100	Total Cash	422,380	462	3,708	-	-	426,550
122	Accounts receivable - HUD other projects	-	11,630	47,900	-	-	59,530
124	Accounts receivable - other government	-	-	-	3,083	-	3,083
126	Accounts receivable - tenants - dwelling rents	420	-	-	-	-	420
129	Accrued interest receivable	275	-	-	-	-	275
120	Total receivables, net of allowances for doubtful accounts	695	11,630	47,900	3,083	-	63,308
142	Prepaid expenses and other assets	39,842	-	-	-	-	39,842
144	Interprogram - due from	12,621	-	2,092	-	-	14,713
150	Total Current Assets	475,538	12,092	53,700	3,083	-	544,413
161	Land	-	-	-	-	492,264	492,264
162	Buildings	-	-	-	-	6,184,955	6,184,955
163	Furniture, equipment, and machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment, and machinery - administration	-	-	-	-	142,815	142,815
165	Leasehold improvements	-	-	-	-	1,093,335	1,093,335
160	Total fixed assets, net of accumulated depreciation	-	-	-	-	7,913,369	7,913,369
180	Total Non-Current Assets	-	-	-	-	7,913,369	7,913,369
190	Total Assets	475,538	12,092	53,700	3,083	7,913,369	8,457,782
312	Accounts payable < 90 days	15,654	-	51,608	-	-	67,262
321	Accrued wage/payroll taxes payable	2,093	-	-	-	-	2,093
322	Accrued compensated absences	36,777	-	-	-	-	36,777
333	Accounts payable - other government	18,753	-	-	-	-	18,753
341	Tenant security deposits	25,219	-	-	-	-	25,219
345	Other current liabilities	1,236	-	-	-	-	1,236
347	Interprogram - due to	-	11,630	-	3,083	-	14,713
310	Total Current Liabilities	99,732	11,630	51,608	3,083	-	166,053
354	Accrued compensated absences - noncurrent	-	-	-	-	-	-
350	Total Non-current Liabilities	-	-	-	-	-	-
300	Total Liabilities	99,732	11,630	51,608	3,083	-	166,053
501	Investment in general fixed assets	-	-	-	-	7,913,369	7,913,369
508	Total Contributed Capital	-	-	-	-	7,913,369	7,913,369
512	Undesignated fund balance/retained earnings	375,806	462	2,092	-	-	378,360
513	Total Equity	375,806	462	2,092	-	7,913,369	8,291,729
600	Total Liabilities and Equity	475,538	12,092	53,700	3,083	7,913,369	8,457,782

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Ville Platte, Louisiana  
Financial Data Schedule  
For Fiscal Year Ended June 30, 2003

Line Item Number	Account Description	Low Rent		Capital	Adult	General	Total
		Public Housing	PHDEP	Fund Program	Education	Fixed Asset Account Group	
703	Net tenant rental revenue	308,692	-	-	-	-	308,692
704	Tenant revenue - other	31,912	-	-	-	-	31,912
705	Total tenant revenue	340,604	-	-	-	-	340,604
706	HUD PHA grants	447,250	60,256	42,267	-	-	549,773
706.1	Capital Grants	-	-	523,076	-	-	523,076
708	Other Government Grants	-	-	-	9,595	-	9,595
711	Investment income - unrestricted	11,184	-	-	-	-	11,184
715	Other revenue	75,380	-	-	-	-	75,380
700	Total Revenue	874,418	60,256	565,343	9,595	-	1,509,612
911	Administrative salaries	110,268	-	-	-	-	110,268
912	Auditing fees	6,453	-	-	-	-	6,453
914	Compensated absences	1,314	-	-	-	-	1,314
915	Employee benefit contributions - administrative	42,861	-	-	-	-	42,861
916	Other operating - administrative	52,911	-	38,475	-	-	91,386
931	Water	45,729	-	-	-	-	45,729
932	Electricity	9,642	-	-	-	-	9,642
933	Gas	67,698	-	-	-	-	67,698
938	Other utilities expense	31,299	-	-	-	-	31,299
941	Ordinary maintenance and operations - labor	144,832	-	-	-	-	144,832
942	Ordinary maintenance and operations - materials and other	77,840	-	-	-	-	77,840
943	Ordinary maintenance and operations - contract costs	33,069	-	-	-	-	33,069
945	Employee benefit contributions - ordinary maintenance	56,296	-	-	-	-	56,296
961	Insurance premiums	73,823	-	-	-	-	73,823
962	Other general expenses	-	59,794	-	9,595	-	69,389
963	Payments in lieu of taxes	20,064	-	-	-	-	20,064
964	Bad debt - tenant rents	5,189	-	-	-	-	5,189
969	Total Operating Expense	779,288	59,794	38,475	9,595	-	887,152
970	Excess Operating Revenue Over Operating Expenses	95,130	462	526,868	-	-	622,460
971	Extraordinary maintenance	18,083	-	-	-	-	18,083
976	Capital outlays - governmental funds	17,141	-	523,076	-	-	540,217
900	Total Expenses	814,512	59,794	561,551	9,595	-	1,445,452
1001	Operating transfers in	-	-	-	-	-	-
1002	Operating transfers out	-	-	(1,700)	-	-	(1,700)
1010	Total other financing sources (uses)	-	-	(1,700)	-	-	(1,700)
1000	Excess (deficiency) of total revenue over (under) total expenses	59,906	462	3,792	-	-	64,160
MEMO ACCOUNT INFORMATION							
1103	Beginning equity	315,900	-	-	-	8,916,400	9,232,300
1104	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-	(1,625,933)	(1,625,933)
1120	Unit Months Available	2,635	-	-	-	-	2,635
1121	Number of unit months leased	2,445	-	-	-	-	2,445

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
 Ville Platte, Louisiana  
 Statement and Certification of Actual Modernization Costs  
 For Fiscal Year Ended June 30, 2003

Modernization Project Number LA48P03050100

Original Funds Approved	\$ 452,418
Less Funds Expended (Actual Modernization Cost)	<u>452,418</u>
Excess Funds Approved	<u><u>\$ -</u></u>
Funds Disbursed	\$ 452,418
Less Funds Expended (Actual Modernization Cost)	<u>452,418</u>
Excess Funds Disbursed	<u><u>\$ -</u></u>

The distribution of costs by project as shown on HUD Final Performance and Evaluation Report dated May 1, 2003 accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
 Ville Platte, Louisiana  
 Combining Balance Sheet - Special Revenue Funds  
 As of June 30, 2003

<u>Assets</u>	<i>PHDEP</i>	<i>Adult Education</i>	<i>Total</i>
Current Assets:			
Cash and Cash Equivalents	\$ 462	\$ -	\$ 462
Accounts Receivable, Net	11,630	3,083	14,713
Total Assets	12,092	3,083	15,175
<u>Liabilities, Equity and Other Credits</u>			
Liabilities:			
Current Liabilities (payable from current assets):			
Interprogram Due To	11,630	3,083	14,713
Total Liabilities	11,630	3,083	14,713
Equity:			
Fund Balances:			
Unreserved/Undesignated	462	-	462
Total Equity	462	-	462
Total Liabilities, Equity and Other Credits	\$ 12,092	\$ 3,083	\$ 15,175

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
 Ville Platte, Louisiana  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance -  
 Governmental Funds  
 For Fiscal Year Ended June 30, 2003

	<i>Special Revenue Funds</i>		
	<i>PHDEP</i>	<i>Adult Education</i>	<i>Total</i>
REVENUES			
Local Sources:			
Other Government Grants	\$ -	\$ 1,631	\$ 1,631
Federal Sources:			
Grants	60,256	-	60,256
Other	-	7,964	7,964
Total Revenues	<u>60,256</u>	<u>9,595</u>	<u>69,851</u>
EXPENDITURES			
Current General Expenses	<u>59,794</u>	<u>9,595</u>	<u>69,389</u>
Excess of Revenues Over Expenditures	<u>462</u>	<u>0</u>	<u>462</u>
Fund Balances at Beginning of Year	-	-	-
Fund Balances at End of Year	<u>\$ 462</u>	<u>\$ 0</u>	<u>\$ 462</u>