

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

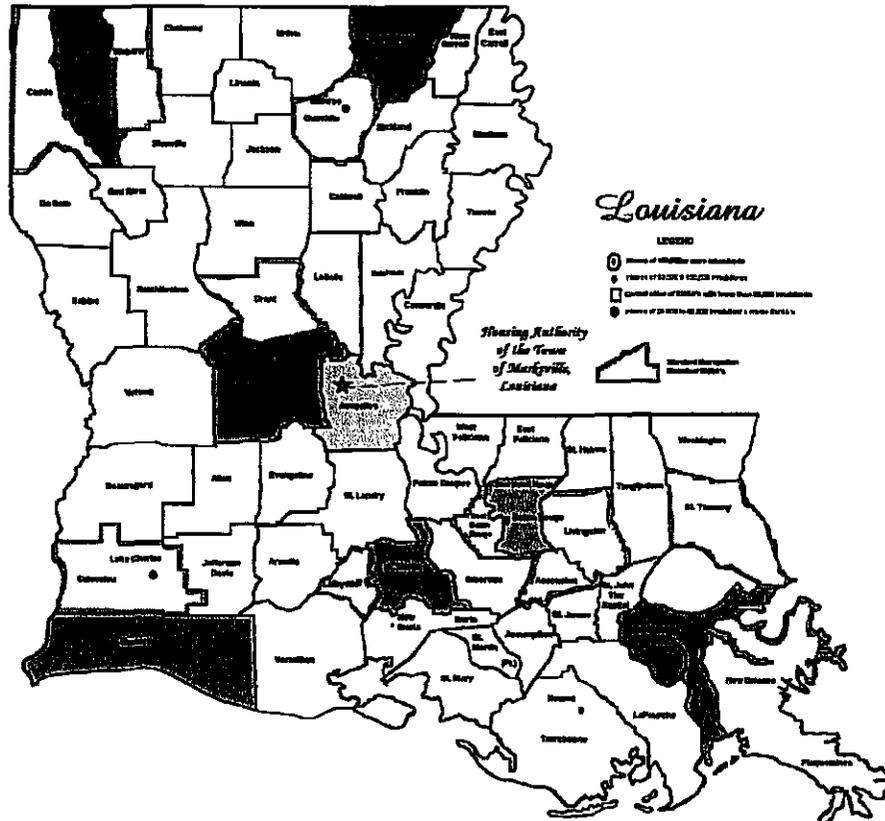
**Financial Statements and  
Supplemental Financial Information**

**June 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-16-05

# HOUSING AUTHORITY OF THE TOWN OF MARKSVILLE MARKSVILLE, LOUISIANA



◆ The Housing Authority of Marksville is an apartment complex for persons of low income located in Marksville, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

**Housing Authority of the Town of Marksville  
Marksville, Louisiana**

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June 30, 2005**

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**Housing Authority of the Town of Marksville  
Management's Discussion and Analysis  
June 30, 2005**

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As management of the Housing Authority of the Town of Marksville, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

**Financial Highlights**

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$2,109,231 (net assets).

As of the close of the current fiscal year, the Authority's ending unrestricted net assets were \$561,650.

The Authority's cash balance at June 30, 2005 was \$51,823 while investments totaled \$518,883.

The Authority had total operating revenue of \$216,546, while operating expenses totaled \$928,198.

The Authority received \$656,113 in non-operating revenue through HUD PHA operating and capital grants.

**Overview of the Basic Financial Statements**

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of Revenue, Expenses and Changes in Net Assets, Statement of Cash Flows, and the notes to the basic financial statements. This report also contains the schedule of expenditures of federal award as supplementary information in addition to the basic financial statements themselves.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Assets includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and the Capital Fund programs. The Low Rent Program consists of 169 units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

**Housing Authority of the Town of Marksville  
Management's Discussion and Analysis - Continued  
June 30, 2005**

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**Overview of the Basic Financial Statements-Cont.**

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

The table below lists the asset and liability comparisons for the year ended June 30, 2005.

**Statement of Net Assets**

	<u>FYE 2004</u>	<u>FYE 2005</u>	<u>% Change</u>
Current Assets	\$ 383,324	\$ 619,884	61.7%
Capital Assets Net of Depreciation	<u>1,904,422</u>	<u>1,547,581</u>	-18.7%
Total Assets	<u>2,287,746</u>	<u>2,167,465</u>	5.3%
Current Liabilities	60,924	27,989	54.1%
Non-Current Liabilities	<u>29,059</u>	<u>30,245</u>	4.1%
Total Liabilities	<u>89,983</u>	<u>58,234</u>	35.3%
Equity			
Invest in Capital Assets	1,904,422	1,547,581	18.7%
Unrestricted Net Assets	<u>293,341</u>	<u>561,650</u>	91.5%
Total Net Assets	<u>\$ 2,197,763</u>	<u>\$ 2,109,231</u>	4.0%

**Cash & Investments**

Cash and investments increased by \$298,548 as of June 30, 2005. The primary source of the increase is due to the 2004-501 CFP in the amount of \$308,198.

**Net Assets**

The Authority's unrestricted net assets increased by \$268,309 for the current year. This is due to the increase in cash and investments.

**Housing Authority of the Town of Marksville  
Management's Discussion and Analysis - Continued  
June 30, 2005**

**Overview of the Basic Financial Statements-Cont.**

**Statement of Revenues, Expenses, and Changes in Net Assets**

	<u>FYE 2004</u>	<u>FYE 2005</u>	<u>% Change</u>
<b>Operating Revenue:</b>			
Tenant Revenue	\$ 203,634	\$ 207,090	1.7%
HUD PHA Operating	304,421	596,856	96.1%
Capital Grants	335,881	59,257	-82.4%
Investment Income	2,207	5,271	138.8%
Other Income	15,198	9,426	-38.0%
<b>Total Operating Revenue</b>	<b><u>861,341</u></b>	<b><u>877,900</u></b>	<b>1.9%</b>
<b>Operating Expenses:</b>			
Administrative	194,248	174,248	-10.2%
Tenant Services	516	1,210	134.5%
Utilities	9,153	9,630	5.2%
Maintenance	223,494	200,761	-10.2%
General	77,793	97,629	25.5%
Depreciation	380,078	444,720	17.0%
<b>Total Operating Expense</b>	<b><u>\$ 885,282</u></b>	<b><u>\$ 928,198</u></b>	<b>4.8%</b>

**Results of Operations**

Operating revenues of the Authority are generated principally from dwelling rents and HUD Operating Subsidies. The Authority's revenues increased by \$16,559. Operating Expenses increased by \$42,916 principally due to an increase in depreciation expense which is a non-cash transaction.

**Capital Asset and Debt Administration**

**Capital Assets**

As of June 30, 2005 the Authority's investment in capital assets was \$1,547,581 (net of accumulated depreciation). This investment included land, building, building improvements, office equipment, and maintenance equipment.

**Long Term Debt**

The Authority does not have any long-term liabilities at this time.

**Housing Authority of the Town of Marksville  
Management's Discussion and Analysis - Continued  
June 30, 2005**

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**Future Events that will impact the Authority**

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the FYE 2006 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

**Contacting the Authority's Financial Management:**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact Jane Lemoine, executive director of the Housing Authority of Marksville, P.O. Box 69, Marksville, LA 71351, at (318) 253-9256.

**JOHN R. VERCHER PC**  
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Jena, Louisiana 71342  
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**INDEPENDENT AUDITOR'S REPORT ON**  
**BASIC FINANCIAL STATEMENTS**

Housing Authority of the  
Town of Marksville  
Marksville, Louisiana

I have audited the accompanying financial statements of the major fund of the Housing Authority of the Town of Marksville, Louisiana as of and for the year ended June 30, 2005, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority of the Town of Marksville, Louisiana's, management. My responsibility is to express opinions on these basic financial statements based on my audit.

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

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Housing Authority of the Town of Marksville, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

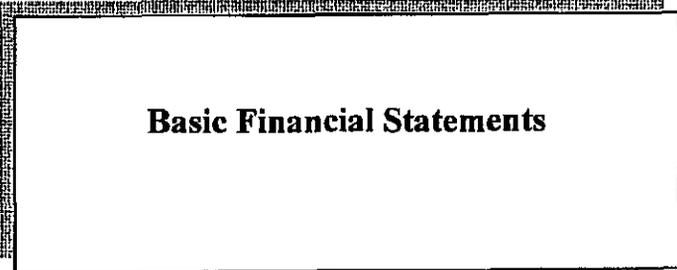
In accordance with *Government Auditing Standards*, I have also issued my report dated October 24, 2005, on my consideration of the Housing Authority of the Town of Marksville, Louisiana's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the Town of Marksville, Louisiana, basic financial statements. The financial data schedule (FDS) and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The financial data schedule (FDS) and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*John R. Vercher*

Jena, Louisiana  
October 24, 2005



**Basic Financial Statements**

**Housing Authority of the Town of Marksville  
Marksville, Louisiana  
Statement of Net Assets  
June 30, 2005**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash & Cash Equivalents	\$ 51,823
Investments	518,883
Receivables (Net of Allowances for Uncollectables)	1,110
Inventory	2,291
Prepaid Items	45,777
<b>Total Current Assets</b>	<b>619,884</b>
<b>Non-Current Assets:</b>	
Capital Assets (Net of Accumulated Depreciation)	1,547,581
<b>Total Non-Current Assets</b>	<b>1,547,581</b>
<b>TOTAL ASSETS</b>	<b>2,167,465</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Compensated Absences	8,016
Accrued Pilot	19,273
Vendors/Contractors Payable	700
<b>Total Current Liabilities</b>	<b>27,989</b>
<b>Non-Current Liabilities</b>	
Compensated Absences	18,470
Tenant Security Deposits	11,775
<b>Total Non-Current Liabilities</b>	<b>30,245</b>
<b>TOTAL LIABILITIES</b>	<b>58,234</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	1,547,581
Unrestricted	561,650
<b>TOTAL NET ASSETS</b>	<b>\$ 2,109,231</b>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Marksville**  
**Marksville, Louisiana**  
**Statement of Revenues, Expenses, and Changes In Net Assets**  
**Year Ended June 30, 2005**

	<b>Enterprise Fund</b>
<b>Operating Revenues</b>	
Tenant Revenue	\$ 207,090
Other Revenue	9,456
<b>Total Operating Revenue</b>	<b>216,546</b>
<b>Operating Expenses</b>	
<i>Administration:</i>	
Administrative Salaries	95,254
EBC Administrative	34,946
Compensated Absences	1,695
Other Operating - Administrative	42,353
<i>Cost of Sales &amp; Service:</i>	
Tenant Services - Other	1,210
Water	413
Electricity	8,835
Other Utilities	382
Ordinary Maintenance - Labor	110,584
Materials	34,438
Contract Cost	13,364
EBC Maintenance	42,375
Protective Services	1,956
Insurance	62,348
Payment in Lieu of Taxes	19,273
Collection Loss	14,052
<i>Depreciation</i>	444,720
<b>Total Operating Expenses</b>	<b>928,198</b>
<b>Operating Income (Loss)</b>	<b>(711,652)</b>
<b>Nonoperating Revenue (Expense)</b>	
HUD PHA Operating Grant	596,856
Federal Grants	59,257
Interest Earnings	5,271
Extra ordinary Maintenance	(3,150)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>658,234</b>
<b>Income (Loss) Before Contributions, Transfers and Prior Period Adjustments</b>	<b>(53,418)</b>
Transfers In/(Out)	-0-
Prior Period Adjustments	(35,114)
<b>Change in Net Assets</b>	<b>(88,532)</b>
Total Net Assets - Beginning	2,197,763
Total Net Assets - Ending	<b>\$ 2,109,231</b>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Marksville  
Marksville, Louisiana  
Statement of Cash Flows  
Year Ended June 30, 2005**

	<b>Enterprise Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers & users	\$ 217,253
Payments to suppliers	(264,275)
Payments to employees	(204,143)
Payment in lieu of taxes	(19,273)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(270,438)</b>
<b>Cash Flows From NonCapital Financing Activities</b>	
Subsidy from federal grants	656,113
Due from HUD	33,745
Extra Ordinary Maintenance	(3,150)
<b>Net Cash Provided (Used) by NonCapital Financing Activities</b>	<b>686,708</b>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition & construction of capital assets	(122,993)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(122,993)</b>
<b>Cash Flows From Investing Activities</b>	
Investments	(369,873)
Interest & dividends received	5,271
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(364,602)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(71,325)</b>
<b>Cash, Beginning of Year</b>	<b>123,148</b>
<b>Cash, End of Year</b>	<b>51,823</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	<b>(711,652)</b>
Depreciation Expense	444,720
(Increase) decrease in accounts receivable	632
(Increase) decrease in inventories	724
(Increase) decrease in prepaids & other deferred charges	(6,849)
Increase (decrease) in customer deposits	75
Increase (decrease) in accounts payable	217
Increase (decrease) in compensated absences	1,695
<b>Total Adjustments</b>	<b>441,214</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(270,438)</b>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Marksville  
Marksville, Louisiana**

**Notes to the Basic Financial Statements**

**INTRODUCTION**

The Housing Authority of Marksville is an apartment complex for persons of low income located in Marksville, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Marksville, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Marksville, Louisiana. Each member serves a four-year term and receives no compensation for their services. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

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-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Marksville because the Town of Marksville appoints a voting majority of the Housing Authority's governing board. The Town of Marksville is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Marksville. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Marksville.

**1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The housing authority uses enterprise funds to account for its activities.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Housing Authority of the Town of Marksville  
Marksville, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

The housing authority reports the following major proprietary funds:

The Low Rent Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The housing authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the government-wide financial statements. *Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations.* Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. DEPOSITS AND INVESTMENTS**

The housing authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the housing authority's investment policy allow the housing authority to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

**D. RECEIVABLES AND PAYABLES**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectibles.

**Housing Authority of the Town of Marksville  
Marksville, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

**E. INVENTORIES AND PREPAID ITEMS**

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. CAPITAL ASSETS**

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the government-wide financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings	20 years
Building improvements	10 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment	5 years

**G. COMPENSATED ABSENCES**

The housing authority has the following policy relating to vacation and sick leave:

The Authority follows the civil service guidelines for vacation and sick leave. Employee's time is accumulated in accordance to hours worked per month. At year-end, time not used is accumulated.

At June 30, 2005, employees of the PHA have accumulated and vested \$26,486 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at June 30, 2005 was \$8,016 recorded as current obligation and \$18,470 recorded as non-current obligation.

**H. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**Housing Authority of the Town of Marksville  
Marksville, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

**I. EXTRAORDINARY AND SPECIAL ITEMS**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

**J. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH AND INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)**

At June 30, 2005, the housing authority has cash and investments (book balances) totaling \$570,706 as follows:

Demand deposits	\$ 51,823
Time deposits	<u>518,883</u>
<b>Total</b>	<b>\$ <u>570,706</u></b>

These deposits are stated at cost, which approximated 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 market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2005, the housing authority has \$586,210 in deposits (collected bank balances). These deposits are secured from risk by \$176,941 of federal deposit insurance and \$276,573 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the housing authority or its agent in the housing authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the housing authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the housing authority's name.

At fiscal year-end, the housing authority's investment balances were as follows:

Money Market Securities	<u>\$ 518,883</u>
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**Housing Authority of the Town of Marksville  
Marksville, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

Type of Investment	Category			Fair Market Value
	1	2	3	
FDIC	\$ 176,941	\$ -0-	\$ -0-	\$ 176,941
FHLMC Note	-0-	276,573	-0-	276,573
Uninsured	-0-	-0-	132,696	132,696
<b>Total</b>	<b>\$ 176,941</b>	<b>\$ 276,573</b>	<b>\$ 132,696</b>	<b>\$ 586,210</b>

**3. RECEIVABLES**

The receivables (net of allowance for doubtful accounts) were \$1,110 as of June 30, 2005:

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2005, for the primary government is as follows:

	Beginning of Period	Additions	Deletions Transfers	End of Period
<b><u>Low Rent</u></b>				
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 183,808	\$ -0-	\$ -0-	\$ 183,808
<b>Total capital assets, not being depreciated</b>	<b>183,808</b>	<b>-0-</b>	<b>-0-</b>	<b>183,808</b>
Capital assets being depreciated				
Leasehold Improvements	1,040,530	-0-	-0-	1,040,530
Buildings	5,911,680	619,788	-0-	6,531,468
Furniture & equipment, etc.	36,725	29,878	-0-	66,603
<b>Total capital assets being depreciated</b>	<b>6,988,935</b>	<b>649,666</b>	<b>-0-</b>	<b>7,638,601</b>
Less accumulated depreciation:	(6,129,907)	(444,720)	-0-	(6,574,627)
<b>Total business-type assets being depreciated, net</b>	<b>859,028</b>	<b>204,946</b>	<b>-0-</b>	<b>1,063,974</b>
<b><u>CFP</u></b>				
Construction in Progress	\$ 862,361	\$ 59,257	\$ (621,818)	\$ 299,800

Depreciation expense of \$444,720 for the year ended June 30, 2005 was charged to the following functions:

Leasehold Improvements	\$ 27,500
Buildings	403,795
Furniture & Equipment	13,425
<b>Total Depreciation Expense</b>	<b>\$ 444,720</b>

**5. RETIREMENT PLANS**

The housing authority provides benefits for all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six-month exclusionary period. The entity contributes 8% of the employee's base monthly salary. The housing authority's contributions for each employee (and interest allocated to the employee account) vest at 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

**Housing Authority of the Town of Marksville  
Marksville, Louisiana**

**Notes to the Basic Financial Statements - (Continued)**

The housing authority's total payroll for the fiscal year ending June 30, 2005 was \$137,629. The housing authority's contributions were calculated using the base salary amount of \$137,629. Contributions to the plan were \$-0- and \$11,010 by the employees and the housing authority, respectively.

**6. ACCOUNTS, SALARIES AND OTHER PAYABLES**

The payables of \$19,973 at June 30, 2005 are as follows:

Accrued Pilot	\$ 19,273
Vendors/Contractors Payable	700
<b>Total</b>	<b>\$ <u>19,973</u></b>

**7. LONG-TERM OBLIGATIONS**

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority, and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.

**8. CONTINGENT LIABILITIES**

At June 30, 2005, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

**9. ECONOMIC DEPENDENCY**

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$596,856 to the housing authority, which represents approximately 68% of the housing authority's revenue for the year.

**10. NEW FINANCIAL REPORTING MODEL**

The accompanying basic financial statements of the housing authority have been prepared in conformity with Governmental Accounting Standards Board Statement No. 34. The statement, referred to above as the new reporting model, contains two significant changes; Management's Discussion & Analysis (MD&A) and Government Wide Financial Statements (GWFS). The most apparent modification to the format of the old reporting model that is being carried forward will be the display of major funds in the fund financial statements (FFS), rather than the traditional fund-type display.

**Other Supplemental Schedules**

**JOHN R. VERCHER PC**  
***Certified Public Accountant***

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

To the Housing Authority of Marksville  
Marksville, Louisiana

**Compliance**

I have audited the compliance of the Housing Authority of Marksville, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Housing Authority of Marksville, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Marksville, Louisiana's management. My responsibility is to express an opinion on the Housing Authority of Marksville, Louisiana'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 Housing Authority of Marksville, Louisiana'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 legal determination on the Housing Authority of Marksville, Louisiana's compliance with those requirements.

In my opinion, the Housing Authority of Marksville, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

**Internal Control Over Compliance**

The management of the Housing Authority of Marksville, Louisiana, 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 our audit, we considered the Housing Authority of Marksville, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with 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 employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Legislator Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties; however, this document is public record and its distribution is not limited.

*John R. Vercher*

October 24, 2005  
Jena, Louisiana

**HOUSING AUTHORITY OF THE CITY OF MARKSVILLE  
MARKSVILLE, LOUISIANA**

**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2005**

<b>Board Member</b>	<b>Title</b>	<b>Salary</b>
Twyman Guillory	Chairman	\$ 150
Clarence Jones	Commissioner	100
Marjorie Greenhouse	Commissioner	100
Julius Guillot	Commissioner	100
Timothy Descant	Commissioner	100

Board members were paid above salary per board meeting when present.

**HOUSING AUTHORITY OF THE CITY OF MARKSVILLE  
MARKSVILLE, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005**

U.S. Department of Housing and Urban Development	Federal CFDA Number	Agency or Pass-Through Number	Federal Disbursements/ Expenditures
Low Income Housing Operating Subsidy			
Contract # Fw-390	14.850	N/A	\$ 276,331
501-03 CFP	14.872	N/A	26,360
503-03 CFP	14.872	N/A	45,224
501-04 CFP	14.872	N/A	308,198
<b>Total</b>			<b>\$ 656,113</b>

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Note A – Single Audit Requirements*

In July 1996, the Single Audit Act Amendments of 1996 (1996 Act) were enacted and superseded the Single Audit Act of 1984. In June 1997 OMB issued a revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, to implement the changes from the 1996 Act and to rescind Circular A-128. The new requirements state that an entity expending \$500,000 or more of federal funds adhere to the requirements of Single Audit.

Enterprise funds used to account for the low income operating subsidy and CFP's use the accrual basis of accounting.

Supplementary schedule. Presented for purposes of additional analysis only.

**Other Reports**

**JOHN R. VERCHER PC**  
***Certified Public Accountant***

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**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**

Housing Authority of the  
Town of Marksville  
Marksville, Louisiana

I have audited the accompanying financial statements of the major fund of the Housing Authority of the Town of Marksville, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Housing Authority's basic financial statements and have issued my report thereon dated October 24, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Compliance***

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Marksville, Louisiana's basic 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

In planning and performing my audit, I considered the Housing Authority of the Town of Marksville, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. 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 Housing Authority of the Town of Marksville, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items:

- ***2005-I-1 Inadequate Pledged Securities***

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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, I believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*John R. Vercher*

October 24, 2005  
Jena, Louisiana

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

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2005**

I have audited the basic financial statements which collectively comprise the Housing Authority of the Town of Marksville, Louisiana, as of and for the year ended June 30, 2005 and have issued my report thereon dated October 24, 2005. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2005 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements**

*Internal Control*

Material Weaknesses     Yes    No    Reportable Conditions     Yes    No

*Compliance*

Compliance Material to Financial Statements     Yes    No

**b. Federal Awards**

*Internal Control*

Material Weaknesses     Yes    No    Reportable Conditions     Yes    No

Type of Opinion On Compliance     Unqualified                       Qualified  
For Major Programs                       Disclaimer                       Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

Yes    No

**c. Identification Of Major Programs:**

CFDA Number (s)	Name Of Federal Program (or Cluster)
14.872	Public Housing Capital Fund

Dollar threshold used to distinguish between Type A and Type B Programs:                      \$ 300,000

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?                       Yes    No

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

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2005**

**Section II - Financial Statement Findings Required To Be Reported In Accordance With GAGAS**

No items to report.

**Section III Internal Controls Finding**

Reference	Description of Finding	Recommendation
2005-I-1	<p style="text-align: center;"><b><u>Inadequate Pledged Securities</u></b></p> <p>For the year end June 30, 2005, the PHA's bank balances were \$132,696, more than their FDIC and pledged collateral book value amounts.</p>	The PHA should contact the bank in order to increase pledged collateral amounts.

**Section IV - Federal Awards Findings and Questioned Costs.**

No items to report.

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

**MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR AUDIT FINDINGS**

	<b>DESCRIPTION OF FINDING</b>	<b>CORRECTIVE ACTION PLANNED</b>	<b>CONTACT PERSON</b>	<b>ANTICIPATED COMPLETION DATE</b>
<b>2005-I-1</b>	<b>Inadequate Pledged Securities</b>	The PHA agreed to contact the bank to increase pledged collateral amounts.	Jane Lemoine	June 30, 2006

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

**Status of Prior Year Findings**

**For the Year Ended June 30, 2005**

Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Marksville, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2004.

There were no prior year findings.

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**MANAGEMENT LETTER COMMENTS**

During the course of my audit, I observed conditions and circumstances that may be improved. Below are findings noted for improvement, my recommendation for improvement and the Housing Authority's plan for *corrective action*.

There are no current year comments.

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$51,823	\$0	\$51,823
100	Total Cash	\$51,823	\$0	\$51,823
125	Accounts Receivable - Miscellaneous	\$789	\$0	\$789
126	Accounts Receivable - Tenants - Dwelling Rents	\$515	\$0	\$515
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-194	\$0	\$-194
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$1,110	\$0	\$1,110
131	Investments - Unrestricted	\$518,883	\$0	\$518,883
142	Prepaid Expenses and Other Assets	\$45,777	\$0	\$45,777
143	Inventories	\$2,291	\$0	\$2,291
143.1	Allowance for Obsolete Inventories	\$-1	\$0	\$-1
150	Total Current Assets	\$619,883	\$0	\$619,883
161	Land	\$183,808	\$0	\$183,808
162	Buildings	\$6,531,468	\$0	\$6,531,468
163	Furniture, Equipment & Machinery - Dwellings	\$17,887	\$0	\$17,887
164	Furniture, Equipment & Machinery - Administration	\$48,716	\$0	\$48,716
165	Leasehold Improvements	\$1,040,530	\$0	\$1,040,530
166	Accumulated Depreciation	\$-6,574,628	\$0	\$-6,574,628
167	Construction In Progress	\$0	\$299,800	\$299,800
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,247,781	\$299,800	\$1,547,581
180	Total Non-Current Assets	\$1,247,781	\$299,800	\$1,547,581
190	Total Assets	\$1,867,664	\$299,800	\$2,167,464

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$700	\$0	\$700
322	Accrued Compensated Absences - Current Portion	\$8,016	\$0	\$8,016
333	Accounts Payable - Other Government	\$19,273	\$0	\$19,273
341	Tenant Security Deposits	\$11,775	\$0	\$11,775
310	Total Current Liabilities	\$39,764	\$0	\$39,764
354	Accrued Compensated Absences - Non Current	\$18,470	\$0	\$18,470
350	Total Noncurrent Liabilities	\$18,470	\$0	\$18,470
300	Total Liabilities	\$58,234	\$0	\$58,234
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,247,781	\$299,800	\$1,547,581
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$561,649	\$0	\$561,649

513	Total Equity/Net Assets	\$1,809,430	\$299,800	\$2,109,230
600	Total Liabilities and Equity/Net Assets	\$1,867,664	\$299,800	\$2,167,464

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$207,090	\$0	\$207,090
704	Tenant Revenue - Other	\$9,456	\$0	\$9,456
705	Total Tenant Revenue	\$216,546	\$0	\$216,546
706	HUD PHA Operating Grants	\$276,331	\$320,525	\$596,856
706.1	Capital Grants	\$0	\$59,258	\$59,258
711	Investment Income - Unrestricted	\$5,271	\$0	\$5,271
700	Total Revenue	\$498,148	\$379,783	\$877,931

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$95,254	\$0	\$95,254
912	Auditing Fees	\$5,170	\$0	\$5,170
914	Compensated Absences	\$1,695	\$0	\$1,695
915	Employee Benefit Contributions - Administrative	\$34,946	\$0	\$34,946
916	Other Operating - Administrative	\$37,959	\$0	\$37,959
924	Tenant Services - Other	\$1,210	\$0	\$1,210
931	Water	\$413	\$0	\$413
932	Electricity	\$8,835	\$0	\$8,835
933	Gas	\$382	\$0	\$382
941	Ordinary Maintenance and Operations - Labor	\$110,584	\$0	\$110,584
942	Ordinary Maintenance and Operations - Materials and Other	\$34,438	\$0	\$34,438
943	Ordinary Maintenance and Operations - Contract Costs	\$13,364	\$0	\$13,364
945	Employee Benefit Contributions - Ordinary Maintenance	\$42,375	\$0	\$42,375
952	Protective Services - Other Contract Costs	\$1,956	\$0	\$1,956
961	Insurance Premiums	\$62,348	\$0	\$62,348
963	Payments in Lieu of Taxes	\$19,273	\$0	\$19,273
964	Bad Debt - Tenant Rents	\$14,052	\$0	\$14,052
969	Total Operating Expenses	\$484,254	\$0	\$484,254
970	Excess Operating Revenue over Operating Expenses	\$13,894	\$379,783	\$393,677
971	Extraordinary Maintenance	\$3,150	\$0	\$3,150
974	Depreciation Expense	\$444,720	\$0	\$444,720
900	Total Expenses	\$932,124	\$0	\$932,124
1001	Operating Transfers In	\$320,525	\$0	\$320,525
1002	Operating Transfers Out	\$0	-\$320,525	-\$320,525
1010	Total Other Financing Sources (Uses)	\$320,525	-\$320,525	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	-\$113,451	\$59,258	-\$54,193

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$1,336,177	\$861,586	\$2,197,763
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$586,704	\$-621,044	\$-34,340
1120	Unit Months Available	2,016	0	2,016
1121	Number of Unit Months Leased	1,924	0	1,924