

4104

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

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2004**

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

Release Date 2-2-05

## TABLE OF CONTENTS

Independent Auditor's Report	1-2
FINANCIAL SECTION	
Financial Statements:	
Statement of net assets	4-5
Statement of revenues, expenses and changes in fund net assets	6
Statement of cash flows	7
Notes to the Financial Statements	8-13
SUPPLEMENTAL INFORMATION	
INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17
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	18-19
Summary schedule of prior year findings	20
Schedule of findings and questioned costs	21-22
Management's corrective action plan for current year findings	23
Schedule of Expenditures of Federal Awards	24



(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990  
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. HigginBotham, CPA  
John P. Armato, CPA  
Jennifer S. Ziegler, CPA, CFP™  
Chris A. Miller, CPA, CVA  
Stephen R. Dischler, MBA, CPA  
Steven G. Moosa, CPA

Erich G. Loewer, Jr. CPA, CVA

Kathleen T. Darnall, CPA  
Erich G. Loewer, III, MTX, CPA  
Tamera T. Landry, CPA  
Raegan D. Maggio, CPA  
Barbara A. Clark, CPA  
Lauren F. Verrett, CPA  
Michelle B. Borrello, CPA  
Jeremy C. Meaux, CPA  
Kevin S. Young, CPA  
Barbara Ann Watts, CPA  
Adam J. Curry, CPA  
Chad M. Bailey, CPA

### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Housing Authority of The City of Ville Platte , as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's officials. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of The City of Ville Platte , as of June 30, 2004, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Housing Authority of The City of Ville Platte, , adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of July 1, 2003.

Member of:  
American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2004 on our consideration of the Commission's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations and contracts.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Housing Authority of The City of Ville Platte. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. However, management did not include this information in the financial statements for the fiscal year ended June 30, 2004.

*Dannall, Sikes, & Frederick*  
A Corporation of Certified Public Accountants

Eunice, Louisiana  
October 22, 2004

**FINANCIAL SECTION**

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Statement of Net Assets  
June 30, 2004

ASSETS

Current assets:	
Cash-unrestricted	\$ 372,967
Cash- restricted	25,416
Accounts receivable	24,763
Prepaid expenses	<u>41,079</u>
Total current assets	<u>464,225</u>
Property, plant and equipment	
Land	492,264
Buildings	6,232,855
Furniture, equipment and machinery-dwelling	20,557
Furniture, equipment and machinery-administrative	145,960
Leasehold improvements	1,267,694
Accumulated depreciation	<u>(3,437,600)</u>
Total capital assets, net of depreciation	<u>4,721,730</u>
Total assets	<u>\$5,185,955</u>

**LIABILITIES**

<b>Current liabilities:</b>	
Accounts payable	\$ 26,799
Tenants security deposits	25,416
Accrued compensated absences	28,330
Total current liabilities	659
Deferred revenue	<u>1,335</u>
Total liabilities	<u>82,539</u>

**NET ASSETS**

<b>Fund balance</b>	
Unrestricted net assets	<u>5,103,416</u>
Total net assets	<u>5,103,416</u>

**Total liabilities and net assets** \$5,185,955

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

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Year Ended June 30, 2004

Operating revenues:	
Tenant revenue	\$ 306,397
Grants	304,303
Operating subsidy	452,060
Other revenue	79,481
Gain on sale of fixed assets	<u>4,200</u>
Total operating revenues	<u>1,146,441</u>
Operating expenses:	
Administrative salaries	130,805
Auditing fees	8,985
Employee benefit contributions-administrative	92,285
Other operating - administrative	57,244
Water	48,181
Electricity	10,548
Gas	89,927
Other utilities expense	50,185
Ordinary maintenance and operations - labor	139,861
Ordinary maintenance and operations - materials and other	60,330
Ordinary maintenance and operations - contract costs	39,551
Insurance	79,319
Other general expenses	132,418
Payment in lieu of taxes	12,007
Depreciation expense	<u>185,930</u>
Total operating expenses	<u>1,137,576</u>
Operating revenues over expenses	<u>8,865</u>
Nonoperating revenues	
Interest	<u>6,591</u>
Total nonoperating revenues	<u>6,591</u>
Change in net assets	15,456
Net assets, beginning	<u>5,087,960</u>
Net assets, ending	<u>\$ 5,103,416</u>

The accompanying notes are an integral part of this statement.



HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Statement of Cash Flows  
Year Ended June 30, 2004

Cash flows from operating activities:	
Rental receipts	\$ 424,345
Intergovernmental receipts	452,060
Payments to suppliers for goods and services and employees	<u>(1,006,553)</u>
Net cash used by operating activities	<u>(130,148)</u>
Cash flows from capital and related financing activities:	
Payments for capital improvements, including capitalized interest	(212,936)
Cash received for infrastructure	304,303
Proceeds from sale of assets	<u>4,200</u>
Net cash provided by capital and related financing activities	<u>95,567</u>
Cash flows from investing activities:	
Interest received on investments	<u>6,414</u>
Net cash provided by investing activities	<u>6,414</u>
Net decrease in cash and cash equivalents	(28,167)
Cash and cash equivalents, beginning of year	<u>426,550</u>
Cash and cash equivalents, end of year	<u>\$ 398,383</u>
Reconciliation to balance sheet:	
Current unrestricted cash and cash equivalents	\$ 372,967
Noncurrent restricted cash and cash equivalents	<u>25,416</u>
Cash and cash equivalents	<u>\$ 398,383</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (299,683)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	185,930
Change in assets and liabilities:	
Decrease in receivables	38,270
Increase in other assets	(785)
Decrease in accounts payable	(42,098)
Decrease in accrued salaries and benefits	(1,434)
Decrease in accrued compensated absences	(10,447)
Increase in deferred revenue	<u>99</u>
Net cash used by operating activities	<u>\$ (130,148)</u>

The accompanying notes are an integral part of this statement.

## HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

### Notes to the Financial Statements

The Public Housing Authority (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, 2004, the Authority was managing a Low Rent Public Housing Program, a Capital Fund Program, a Drug Elimination Program, and an Adult Education Program.

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 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.

##### 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, 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.

## HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a non-profit entity for the purpose of developing affordable dwellings and operating them as rental units. This non-profit entity is a potential component unit (PCU) of the Authority. However, issues have arisen regarding the Authority's control over this entity that are being addressed by the Authority's legal counsel. If the Authority determines that the PCU is a component unit, the Authority will report the PCU as a component unit.

The PCU has received preliminary approval of a \$400,000 loan from the Louisiana Housing Finance Agency in a prior year but has not drawn down any of the funds and has not incurred any expenses or related liabilities for the contemplated project.

#### Fund Accounting

The Authority uses an enterprise fund 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 government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

## HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Basis of Accounting

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are dwelling rentals and intergovernmental revenues. Operating expense include administration, maintenance, insurance, payments in lieu of taxes, depreciation, and utilities.

##### Uses of Estimates

The preparation of financial statements in conformity with 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.

##### 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.

##### 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.

##### Fixed Assets

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the dated donated.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	40 years
Equipment	5 – 7 years

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.

NOTE 2 CASH AND CASH EQUIVALENTS

At June 30, 2004, the Authority had cash and cash equivalents (book balances) totaling as follows:

Demand deposits	\$ 7,762
Time deposits	390,521
Other	100
Total	<u>\$ 398,383</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 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, 2004, the Authority has \$455,050 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the Authority.

GASB Category 1	\$ 74,529
GASB Category 2	-
GASB Category 3	<u>380,521</u>
Total	<u>\$ 455,050</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.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Notes to the Financial Statements

NOTE 3 RECEIVABLES

Receivables of \$24,763 June 30, 2004, are as follows:

Class of Receivable

Other government	\$ 3,877
Tenant rents	4,886
Alternative Living Solutions, Inc. (a non-profit organization)	<u>16,000</u>
Total	<u>\$ 24,763</u>

NOTE 4 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	6,184,955	47,900	-	6,232,855
Furniture and equipment:				
Dwellings	-	20,557	-	20,557
Administration	142,815	18,020	(14,875)	145,960
Leasehold improvements	<u>1,093,335</u>	<u>174,359</u>	-	<u>1,267,694</u>
Total	<u>\$ 7,913,369</u>	<u>\$ 260,836</u>	<u>\$ (14,875)</u>	<u>\$ 8,159,330</u>

NOTE 5 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.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Notes to the Financial Statements

NOTE 6 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 7 BOARD OF COMMISSIONERS

The commissioners serve without compensation.

**SUPPLEMENTAL  
INFORMATION**



**INTERNAL CONTROL  
AND  
COMPLIANCE**



(A Corporation of Certified Public Accountants)

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*

The Board of Commissioners  
Housing Authority of The City of Ville Platte

Ville Platte, Louisiana

We have audited the financial statements of the Housing Authority of The City of Ville Platte (the Commission), as of June 30, 2004 and for the year then ended, and have issued our report thereon dated October 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-1.

Eugene H. Darnall, CPA, Retired 1990  
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. HigginBotham, CPA  
John P. Armato, CPA  
Jennifer S. Ziegler, CPA, CFP™  
Chris A. Miller, CPA, CVA  
Stephen R. Dischler, MBA, CPA  
Steven G. Moosa, CPA

Erich G. Loewer, Jr. CPA, CVA

Kathleen T. Darnall, CPA  
Erich G. Loewer, III, MTX, CPA  
Tamera T. Landry, CPA  
Raegan D. Maggio, CPA  
Barbara A. Clark, CPA  
Lauren F. Verrett, CPA  
Michelle B. Borrello, CPA  
Jeremy C. Meaux, CPA  
Kevin S. Young, CPA  
Barbara Ann Watts, CPA  
Adam J. Curry, CPA  
Chad M. Bailey, CPA

Member of:  
American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described as 2004-1 is a material weakness.

This report is intended for the information of management, the Commissioners of the Housing Authority of The City of Ville Platte, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Dannall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana  
October 22, 2004



(A Corporation of Certified Public Accountants)

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

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

Compliance

We 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, 2004. The Authority's major federal program is identified in 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. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Eugene H. Darnall, CPA, Retired 1990  
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. HigginBotham, CPA  
John P. Armato, CPA  
Jennifer S. Ziegler, CPA, CFP™  
Chris A. Miller, CPA, CVA  
Stephen R. Dischler, MBA, CPA  
Steven G. Moosa, CPA

Erich G. Loewer, Jr. CPA, CVA

Kathleen T. Darnall, CPA  
Erich G. Loewer, III, MTX, CPA  
Tamera T. Landry, CPA  
Raegan D. Maggio, CPA  
Barbara A. Clark, CPA  
Lauren F. Verrett, CPA  
Michelle B. Borrello, CPA  
Jeremy C. Meaux, CPA  
Kevin S. Young, CPA  
Barbara Ann Watts, CPA  
Adam J. Curry, CPA  
Chad M. Bailey, CPA

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

### 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 our audit, we 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 our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be a material weakness.

This report is intended for the information of the management, the Commissioners of the Housing Authority of The City of Ville Platte, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

*Dannall, Sikes & Frederick*  
A Corporation of Certified Public Accountants

Eunice, Louisiana  
October 22, 2004

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2004

- 2003-1 Finding: Inventory of Equipment Schedule  
Status: This finding is resolved.
- 2003-2 Finding: Appointment to the Board of Commissioner  
Status: This finding was addressed by the Board and referred to the Authority's attorney. Based on the attorney's response, no further action was deemed necessary.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

Part I: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on the Housing Authority of The City of Ville Platte's financial statements as of and for the year ended June 30, 2004.

Reportable Conditions – Financial Statements

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 2004-1 in Part II and is a considered material weakness.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

The Housing Authority of The City of Ville Platte at June 30, 2004, had one major program: Low Rent Public Housing, which received funds from the Department of Housing and Urban Development.

Low-Risk Auditee

The Housing Authority of The City of Ville Platte is not considered a low-risk auditee for the year ended June 30, 2004.

Major Program – Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended June 30, 2004.

Auditor's Report – Major Program

An unqualified opinion has been issued on the Housing Authority of The City of Ville Platte's compliance for its major program as of and for the year ended June 30, 2004.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2004

Reportable Conditions – Major Program

There were no reportable conditions noted during the audit of the major federal program.

Compliance Finding Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its major federal program.

Part II: Findings Relating to an Audit in Accordance with *Governmental Auditing Standards*

2004-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the Housing Authority of The City of Ville Platte did not have adequate segregation of functions within the accounting systems.

Recommendation:

Based upon the size of the operation and the cost benefit of additional personnel it may not be feasible to achieve complete segregation of duties.

Part III: Findings and Questioned Costs Relating to Federal Programs

There were no findings and questioned costs relating to federal programs in the current year.



HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE  
Management's Corrective Action Plan For Current Year Findings  
Year Ended June 30, 2004

Response to Finding 2004-1:

No response is considered necessary.

HOUSING AUTHORITY OF THE CITY OF VILLE PLATTE

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2004

<u>CFDA #</u>	<u>Name of Federal Program</u>	<u>Federal Award Expenditure</u>
<b>Direct from U.S. Department of Housing and Urban Development:</b>		
14.850a	Low Rent Public Housing	\$ 452,060
14.854	Public and Indian Housing Drug Elimination Program	22,089
14.872	Public Housing Capital Fund Program	276,705
<b>Passed Through Louisiana Department of Education:</b>		
84.002	Adult Education	<u>5,509</u>
	Total Federal Expenditures	<u>\$ 756,363</u>