

**Housing Authority of the
CITY OF DeQUINCY
DeQuincy, Louisiana**

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

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

**5160 Highway 22, Suite C-14
Mandeville, Louisiana 70471**

Under provisions of state law, this report is a public document. Copies of the report have been submitted to the entity and other appropriate public officials. The reports are available for public inspection at the State House office of the Legislative Auditor and, when appropriate, at the office of the parish clerk of court.

Prepare Date 4/14/04

HOUSING AUTHORITY OF THE CITY OF DeQUINCY
 DeQuincy, Louisiana
General-Purpose Financial Statements
 As of and for the Fiscal Year Ended September 30, 2003
 With Supplemental Information Schedules

CONTENTS

	Exhibit	Page
Independent Auditor's Report		3
General-Purpose Financial Statements:		
Proprietary Fund Type – Enterprise Fund:		
Balance Sheet	A	5
Statement of Revenues, Expenses and Changes in Retained Earnings	B	6
Statement of Cash Flows	C	7
Notes to the Financial Statements		8
	Schedule	Page
Other Reports and Schedules:		
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		15
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with <u>24CFR Circular A-133</u>		17
Schedule of Expenditures of Federal Awards	1	26
Schedule of Prior Audit Findings	2	21
Schedule of Current Year Findings and Questioned Costs	3	22
Corrective Action Plan for Current Year Audit Findings	4	25
Financial Data Schedule	5	26

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

Telephone 985-845-1772
Fax 985-845-1211
E-mail dcmcpa@highway-former.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 DeQuincy
DeQuincy, Louisiana

I have audited the accompanying general-purpose financial statements of the Housing Authority of the City of DeQuincy as of and for the year ended September 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 DeQuincy as of September 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated March 4, 2004 on my consideration of the authority's internal control over financial reporting and my tests of its compliance with certain laws, regulations,

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

DeQuincy, Louisiana
Independent Auditor's Report, 2003
Page Two

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, Audit 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. 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

March 4, 2004

Exhibit A

HOBBS AUTHORITY OF THE CITY OF BERKLEY
 Berksley, Louisiana
 Proprietary Fund Type - Enterprise Fund - Balance Sheet
 As of September 30, 2023

00000

Current Assets:	
Cash and Cash Equivalents	\$ 146,978
Accounts Receivable - 9920 Other Projects	89,382
Accounts Receivable - Miscellaneous	38
Accounts Receivable - Tarants Draining Funds	799
Allowance for Doubtful Accounts - Draining Funds	(142)
Accrued Interest Receivable	47
Prepaid Expenses	13,887
Inventories	1,671
Interprogram Due From	<u>23,200</u>
Total Current Assets	<u>287,202</u>
Restricted Assets:	
Cash and cash equivalents	0,000
Total Restricted Assets	<u>0,000</u>
Fixed Assets, Net of Accumulated Depreciation:	
Land	84,288
Buildings	3,895,908
Furniture, Equipment & Machinery - Sewerage	38,848
Furniture, Equipment & Machinery - Administration	58,974
Leasehold improvements	828,487
Accumulated Depreciation	(5,818,752)
Construction in Progress	84,478
Total Fixed Assets, Net of Accumulated Depreciation	<u>1,885,553</u>
Total Assets	<u>\$1,885,553</u>
	Liabilities and Equity
Current Liabilities (payable from current assets):	
Accounts Payable - Vendors	\$ 18,408
Accrued Wages and Payroll Taxes Payable	2,157
Accrued Compensated Absences - Current	2,121
Interprogram Due To	<u>25,200</u>
Total Current Liabilities (payable from current assets)	<u>48,986</u>
Current Liabilities (payable from restricted assets):	
Tenant Security Deposits	<u>0,000</u>
Long-term Liabilities:	
Accrued Compensated Absences - Non-current	11,458
Total Long-term Liabilities	<u>11,458</u>
Total Liabilities	<u>60,444</u>
Equity:	
Contributed Capital	1,124,191
Retained Earnings (Deficit)	196,918
Total Equity	<u>1,321,109</u>
Total Liabilities and Equity	<u>\$1,885,553</u>

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

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
 DeQuincy, Louisiana
 Proprietary Fund Type - Enterprise Fund -
 Statement of Revenues, Expenses, and Changes in Retained Earnings
 For Fiscal Year Ended September 30, 2003

Operating Revenues:	
Net Tenant Rental Revenue	\$ 108,984
Tenant Revenue - Other	3,046
Federal Grants	186,136
Total Operating Revenues	<u>298,166</u>
Operating Expenses:	
Administrative Expenses	148,801
Tenant Services	121
Utilities	26,303
Ordinary Maintenance & Operation	47,524
General Expenses	41,781
Extraordinary Maintenance & Operation	24,947
Depreciation Expense	194,035
Total Operating Expenses	<u>474,632</u>
Operating Income (Loss)	<u>(176,466)</u>
Non-operating Revenues (Expenses)	
Federal Grants	148,505
Interest Income	527
Other Revenue	24,518
Total Non-operating Revenues (Expenses)	<u>173,550</u>
Net Income (Loss)	(2,916)
Retained Earnings at Beginning of Year	196,544
Prior Period Adjustments and Corrections of Errors	18,194
Retained Earnings at End of Year	<u>\$ 190,712</u>

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

HOUSING AUTHORITY OF THE CITY OF MONROE
 Monroe, Louisiana
 Proprietary Fund Type - Enterprise Fund - Statement of Cash Flows
 For Fiscal Year Ended September 30, 2005

Cash flows from operating activities:	
Operating Income (Loss)	\$ (182,576)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	184,023
(Increase) Decrease in Accounts Receivable - PMA Projects	(24,458)
(Increase) Decrease in Accounts Receivable - Interest	88
(Increase) Decrease in Accounts Receivable - Miscellaneous	82
(Increase) Decrease in Accounts Receivable - Tenant Duesing Fees, net	(173)
(Increase) Decrease in Prepaid Expenses	281
(Increase) Decrease in Inventories	894
Increase (Decrease) in Accounts Payable - Vendors	70,000
Increase (Decrease) in Accrued Wages and Payroll Taxes Payable	521
Increase (Decrease) in Accrued Compensated Absences	7,323
Increase (Decrease) in Deferred Revenue	(517)
Increase (Decrease) in Tenant Security Deposits	183
Net cash provided (used) by operating activities	<u>5,120</u>
Cash flows from noncapital financing activities:	
Other receipts	<u>24,878</u>
Cash flows from capital and related financing activities:	
Payments to acquire, construct, or improve capital assets	(137,855)
Proceeds from federal capital grants	145,888
Proceeds from sale of fixed assets	4,000
Net cash provided (used) by capital and related financing activities	<u>12,033</u>
Cash flow from investing activities:	
Investment income (interest income)	857
Purchases of investments	<u>(857)</u>
Net increase (decrease) in cash and cash equivalents	27,031
Cash and cash equivalents at beginning of year	<u>87,887</u>
Cash and cash equivalents at end of year	<u>\$ 114,918</u>
Exhibit A - Total Current Assets	\$ 114,918
Exhibit A - Total Restricted Assets	<u>8,150</u>
	<u>\$ 123,068</u>

There were no noncash investing, capital or financing transactions.
 The above paying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana
Notes to the Financial Statements
For Fiscal Year Ended September 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 DeQuincy, 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 DeQuincy 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 September 30, 2003, the authority was managing a Low Rent Public Housing Program, a Capital Fund Program, and a Drug Elimination Program.

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. The authority also applies all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

(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 DeQuincy, 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 DEQUINCY
DeQuincy, 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.

Certain units of local government over which the authority exercises no oversight responsibility, such as the parish police jury, school board, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the authority. In addition, the accompanying financial statements do not include various tenant associations, which are legally separate entities.

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.

As required by generally accepted accounting principles, these financial statements present the authority (the primary government) and its component units. The component units included in the accompanying financial statements are blended with the authority's funds.

Component units that are legally separate from the authority, but are so intertwined with the authority that they are, in substance, the same as the authority are blended component units. For a component unit to be blended, the organization's board and the authority's board must be substantively the same, or the organization must provide services entirely or almost entirely to the

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

DeQuincy, Louisiana

Notes to the Financial Statements, 2003 – Continued

authority. The following component units are reported as part of the authority and blended with the appropriate authority funds:

DeQuincy Housing, Inc.

The housing authority formed this nonprofit entity in 1977 to create another avenue to provide low-income housing. DeQuincy Housing, Inc. was determined to be a component unit of the authority because the authority can impose its will on DeQuincy Housing, Inc. It is noted that DeQuincy Housing, Inc. is an inactive entity and has had no financial transactions.

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

The authority's fund is classified as a proprietary fund type – enterprise fund. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

(4) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

(5) 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.

(6) 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.

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

DeQuincy, Louisiana

Notes to the Financial Statements, 2003 - Continued

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.

(7) Investments

Investments are limited by HUD regulations, state law, and the authority's investment policy. Investments with original maturities of 90 days or greater are classified as investments. Deposits or investments with original maturities of 90 days or less, are classified as cash equivalents. Investments are stated at fair value based on quoted market prices.

(8) 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.

(9) 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.

(10) Fixed Assets

Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value) using the straight-line method. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization limit is \$500. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	30 Years
Building improvements	15 Years
Leasehold improvements	15 Years
Equipment	3-7 Years

Interest costs during construction have been capitalized. All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

(11) Compensated Absence

Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave. The cost of current

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
 DeQuincy, Louisiana
 Notes to the Financial Statements, 2003 – Continued

leave privileges, computed in accordance with GASB Codification Section 600 is recognized as a current year expense when leave is earned.

NOTE B – CASH AND CASH EQUIVALENTS

See Note A for discussion of policies related to cash and cash equivalents. At September 30, 2003, the authority has cash and cash equivalents (book balances) totaling \$125,339 as follows:

Demand deposits	\$18,883
Interest-bearing demand deposits	93,137
Time deposits	13,119
Other	100
Total	<u>\$125,339</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 September 30, 2003, the authority has \$134,085 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

GASB Category 1	\$130,876
GASB Category 2	-
GASB Category 3	13,109
Total	<u>\$134,085</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.F.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 – SUMMARY OF FIXED ASSETS

Land	\$85,255
Buildings	3,655,502
Furniture and Equipment:	
Dwellings	35,040
Administration	70,737
Leasehold Improvements	505,585

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana
Notes to the Financial Statements, 2003 – Continued

Construction in progress	34,412
Total	<u>4,405,945</u>
Accumulated depreciation	<u>(3,016,904)</u>
Net fixed assets	<u>\$1,389,041</u>

NOTE D - RETIREMENT PLAN

The authority participates in the Louisiana Housing Council Group Retirement Plan, administered by Broussard, Bush and Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, which are members of the Louisiana Housing Council. Through this plan, the authority provides pension benefits for all of its full-time employees. All full-time employees who have attained age 18 are eligible to participate in the plan on the first day of the month after completing three 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 four percent (4%) of each participant's basic (excludes overtime) compensation. Employees are required to contribute five percent (5%) 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. Early retirement may be elected on the first day of any month within 15 years of the employee's normal retirement date, provided the employee has completed five years of service with the authority. With the authority's consent, employees may defer retirement to the first day of any month beyond normal retirement date.

The authority's total payroll for the year ended September 30, 2003, was \$74,010. The authority's contributions were calculated using the base salary amount of \$32,406. The authority made the required contributions of \$1,205 for the year ended September 30, 2003.

NOTE E - COMPENSATED ABSENCES

At September 30, 2003, employees of the authority have accumulated and vested \$13,279 of employee leave benefits, which was computed in accordance

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

DeQuincy, Louisiana

Notes to the Financial Statements, 2003 – Continued

with GASB Codification Section 660. The leave payable is recorded in the accompanying financial statements.

NOTE F – PRIOR PERIOD ADJUSTMENTS AND CORRECTIONS OF ERRORS

The housing authority recorded net corrections to the Drug Elimination Program in the amount of \$(5,000). The adjustments were made to correct the classification of prior expenditures.

NOTE G – 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 H – 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.

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

Telephone 985-845-7772
Fax 985-845-1213
E-mail dmcay@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 DeQuincy
DeQuincy, Louisiana

I have audited the financial statements of the Housing Authority of the City of DeQuincy (the authority), as of and for the year ended September 30, 2003 and have issued my report thereon dated March 4, 2004. 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 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 an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as finding number 2003-1.

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

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

DeQuincy, Louisiana
Independent Auditor's Report
on Compliance... Government
Auditing Standards, 2003
Page Two

assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting 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 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. A reportable condition is described in the accompanying schedule of findings and questioned costs as finding number 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 I consider the reportable condition described above to be material weaknesses.

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
APAC

WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
1000 PINE BLVD., SUITE 100
HOUSTON, TEXAS 77002
713.865.1100
WWW.WDCCPA.COM

William Daniel McCaskill, CPA
A Professional Accounting Corporation

March 4, 2004

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

Telephone 985-845-1712
Fax 985-845-1212
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 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 DeQuincy
DeQuincy, Louisiana

Compliance

I have audited the compliance of the Housing Authority of the City of DeQuincy (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circle A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 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 each of its major federal programs 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, Audit 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 we 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 DEQUINCY

DeQuincy, Louisiana
Independent Auditor's Report
on Compliance ...A-133, 2003
Page Two

As described in finding number 2003-1 in the accompanying schedule of findings and questioned costs, the authority, did not comply with requirements regarding cash management that is applicable to its Capital Fund Program. Compliance with such requirements is necessary, in my opinion, for the authority, to comply with requirements applicable to that 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 September 30, 2003.

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. A reportable condition is described in the accompanying schedule of findings and questioned costs as finding number 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 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

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

DeQuincy, Louisiana
Independent Auditor's Report
on Compliance... A-133, 2003
Page Three

considered to be material weaknesses. However I consider the reportable condition described above to be material weaknesses.

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
McCasill, CPA
APAC

 W. DANIEL
MCCASILL
CPA
APAC

William Daniel McCasill, CPA
A Professional Accounting Corporation

March 4, 2004

HOUSING AUTHORITY OF THE CITY OF BOSSIERE
 DeQuincy, Louisiana
 Schedule of Expenditures of Federal Awards
 For Fiscal Year Ended September 30, 2003

<i>Federal Grant/Pass-through Grant/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing	14.050a	119,835
Public and Indian Housing Organ Elimination Program	14.854	15,890
Public Housing Capital Fund Program	14.872	185,029
Total Federal Expenditures:		<u><u>320,754</u></u>

Note A - Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the housing authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-123, *Accounting of States, Local Governments, and Not-For-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Other Awards

\$197,285 of long-term debt guaranteed by HUD, not included in the above schedule, is included in the equity section of the balance sheet.

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana
Schedule of Prior Year Audit Findings
Fiscal Year Ended September 30, 2003

Finding 2002-01

The Management Assessment Sub System (MASS) was inaccurate and, as a result, the housing authority was scored incorrectly. This finding is cleared in the current year.

HOUSING AUTHORITY OF THE CITY OF BOQUINCY
DeQuincy, Louisiana
Schedule of Current Audit Findings and Questioned Costs
Fiscal Year Ended September 30, 2003

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 (1) 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. The condition is reported as a material weakness.
3. One (1) instance of noncompliance material to the financial statements of the authority, which would be required to be reported in accordance with Government Auditing Standards, was disclosed during the audit.
4. One (1) reportable condition 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 OAG Circular A-133. The condition is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for the authority expresses a qualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OAG Circular A-133 are reported in this Schedule.
7. The program tested as a major program: 14.072 - 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 DeQUINCY
DeQuincy, Louisiana
Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2003

**Findings – Financial Statement Audit and
Major Federal Awards Programs Audit**

2003-1

Program(s)
Capital Fund Program

Condition

On November 22, 2002 the housing authority draw down the entire balance of two (2) contracts but did not pay the contractors until the funds were properly due per the drawdown schedule. The final payment to the contractors was in March 2003. The amount of funds drawn down early was \$76,158.

During the course of this program grant, the PHA draw down funds from HUD using the original budget line item coding even though the corresponding expenditures were coded to other expense line items. The amount of funds coded to the wrong revenue/expense related accounts was \$59,622.

For three of the four contracts tested, the PHA could not provide certified weekly payrolls.

For the four contracts tested, the PHA could not provide PHA testing of the weekly certified payrolls.

For the four contracts tested, the PHA could not document the usage of the Excluded Parties Listing System.

Criteria

Cash Management regulations require the PHA to expend funds drawn down within three working days of the actual draw.

The PHA should draw down funds from HUD using the same revenue/expense related coding so the HUD data base will agree with the PHA's records.

Davis Bacon provisions require the contractor to provide weekly certifications of payroll and for the PHA to independently test the entries.

The PHA should print out the results found in the Excluded Parties Listing System for each contractor prior to execution of a contract.

HOUSING AUTHORITY OF THE CITY OF DeQUINCY
DeQuincy, Louisiana
Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2003

Cause

It is unclear why the PHA drew these funds down early.

The expenseto-revenue coding issue was caused by the PHA either not amending the budget in HUD's data base during the program grant rather than doing so at the end of the grant, or PHA staff not realizing that they could code draws to line items that did not have adequate budget amounts then revising the budget at the end of the program.

PHA staff was not aware of all of the provisions of the Davis Bacon Act, as well as the requirements to document the lack of suspension and debarment of each contractor.

Effect

The PHA violated the cash management regulations that apply to this program.

The effect of the different coding is that the records in the HUD data base do not agree with the PHA's records.

The PHA violated provisions of the Davis Bacon Act as well as verifying the suspension and debarment documentation.

Questioned Costs

None

Perspective Information

During the fiscal year, the PHA drew down a total of \$195,839 of Capital Funds Program funds.

Recommendation

The PHA should comply with all regulations that apply to this program in the future.

PHA Response

See Corrective Action Plan

HOUSING AUTHORITY OF THE CITY OF DeQUINCY
DeQuincy, Louisiana
Corrective Action Plan for Current Year Findings
For Fiscal Year Ended September 30, 2003

**Findings – Financial Statement Audit and
Major Federal Awards Programs Audit**

2003-1

Person Responsible
Joan Spears

Anticipated Completion Date
March 4, 2004

Action Planned

We are aware of the issue of drawing down grant funds within three (3) working days of expending the funds and will comply with this regulation in all future transactions.

We will determine the proper way to draw LOCCS funds in compliance with HUD's budgetary process and will adhere to it.

In all future contracts, we will receive and store copies of the weekly certified payrolls, document our independent testing of these, and document the utilization of the Excluded Parties Listing System.

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
 DeQuincy, Louisiana
 Financial Data Schedule
 For Fiscal Year Ended September 30, 2003

Line Item Number	Account Description	Less/More Public Housing	PHCAP	Capital	Total
111	Cash - unrestricted	155,279	-	-	155,279
112	Cash - tenant security deposits	8,280	-	-	8,280
100	Total Cash	163,559	-	-	163,559
121	Accounts receivable - PH projects	-	-	-	-
122	Accounts receivable - HUD-other projects	-	-	28,000	28,000
124	Accounts receivable - other government	-	-	-	-
125	Accounts receivable - miscellaneous	28	-	-	28
126	Accounts receivable - tenants - checking rents	708	-	-	708
128	Allowance for doubtful accounts - checking rents	(708)	-	-	(708)
129	Account interest receivable	47	-	-	47
120	Total receivables, net of allowance for doubtful accounts	767	-	28,000	8,767
132	Prepaid expenses and other debts	13,591	-	-	13,591
143	Inventory	1,371	-	-	1,371
144	Intergovernmental - due from	28,882	-	-	28,882
140	Total Capital Assets	43,824	-	28,000	71,824
181	Land	88,280	-	-	88,280
182	Buildings	3,888,731	-	88,771	3,977,502
183	Furniture, equipment, and machinery - buildings	38,880	-	8,048	46,928
184	Furniture, equipment, and machinery - administration	58,824	-	-	58,824
185	Leasehold improvements	528,888	11,000	-	539,888
186	Accumulated depreciation	(3,888,838)	(3,888)	(7,504)	(3,900,230)
187	Construction in progress	-	-	36,412	36,412
180	Total fixed assets, net of accumulated depreciation	1,486,885	7,112	120,686	1,614,683
190	Total Assets	1,650,444	7,112	148,686	1,806,242
212	Accounts payable - 90 days	18,880	-	-	18,880
221	Accrued unpaid payroll taxes payable	3,887	-	-	3,887
232	Accrued compensated absences	3,821	-	-	3,821
241	Tenant security deposits	8,280	-	-	8,280
247	Intergovernmental - due to	-	-	28,000	28,000
250	Total Current Liabilities	34,868	-	28,000	62,868
304	Non-current compensated absences	11,128	-	-	11,128
300	Total Non-current Liabilities	11,128	-	-	11,128
300	Total Liabilities	45,996	-	28,000	73,996
308	Net HUD PH contributions	1,944,888	10,000	-	1,954,888
300	Total Restricted Capital	1,944,888	10,000	-	1,954,888
312	Unrestricted fund accumulated earnings	65,660	-	130,888	196,548
310	Total Unrestricted Capital	65,660	-	130,888	196,548
300	Total Capital	2,010,548	10,000	130,888	2,151,436

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy Locations
Financial Data Schedule
For Fiscal Year Ended/September 30, 2000

Line Item Number	Account Description	Low Rent Public Housing	R-200P	Capital	Total
100	Multisource rental revenue	101,084	-	-	101,084
104	Tenant revenue - other	3,049	-	-	3,049
104	104 Total Tenant Revenue	111,000	-	-	111,000
108	HUD PWT grants	170,000	-	30,480	200,480
108.1	Capital Grants	-	10,880	100,140	111,020
111	Investment Income - unrestricted	987	-	-	987
115	Other revenue	24,816	-	-	24,816
115	115 Capital less on sale of investments	(285)	-	-	(285)
100	Total Revenue	300,886	10,880	30,480	342,246
201	Administrative salaries	52,000	-	-	52,000
202	Auditing fees	5,507	-	-	5,507
204	Compensated absences	7,000	-	-	7,000
205	Employee benefit contributions - administrative	13,710	-	-	13,710
206	Other operating - administrative	20,484	-	40,270	60,754
206	206 Tenant services - other	121	-	-	121
207	Travel	6,700	-	-	6,700
207	207 Electricity	11,040	-	-	11,040
207	207 Gas	290	-	-	290
208	Other utility expenses	60	-	-	60
209	Ordinary maintenance and operations - labor	16,870	-	-	16,870
209	209 Ordinary maintenance and operations - materials and other	8,730	-	-	8,730
209	209 Ordinary maintenance and operations - medical costs	13,300	-	-	13,300
209	209 Employee benefit contributions - ordinary maintenance	5,070	-	-	5,070
209	209 Insurance premiums	21,197	-	-	21,197
209	209 Other general expenses	40	-	-	40
209	209 Payments in lieu of taxes	6,640	-	-	6,640
209	209 Fuel (oil) - tenant areas	604	-	-	604
209	Total Operating Expenses	214,940	-	40,270	255,210
209	209 Housing Operating Expense (HUD/tenant)	21,100	10,880	40,400	72,380
209	209 Extraordinary maintenance	34,047	-	-	34,047
209	209 Depreciation expense	150,020	3,000	7,824	160,844
209	Total Expenses	400,007	13,880	88,494	502,381
100	Operating transfers in	30,770	-	-	30,770
100	100 Operating transfers out	-	-	(30,770)	(30,770)
100	Total Other Transfers (Net)	30,770	-	(30,770)	0
100	Total Other (Net)	(30,770)	0	(30,770)	(61,540)
MEMO ACCOUNT INFORMATION					
100	Beginning equity	1,013,000	0,000	2,001	1,015,001
104	Plus (minus) adjustments - equity transfers, and corrections of errors	12,270	(10,000)	-	(2,730)
110	Unit Months Available	870	-	-	870
111	Number of unit months leased	728	-	-	728