

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

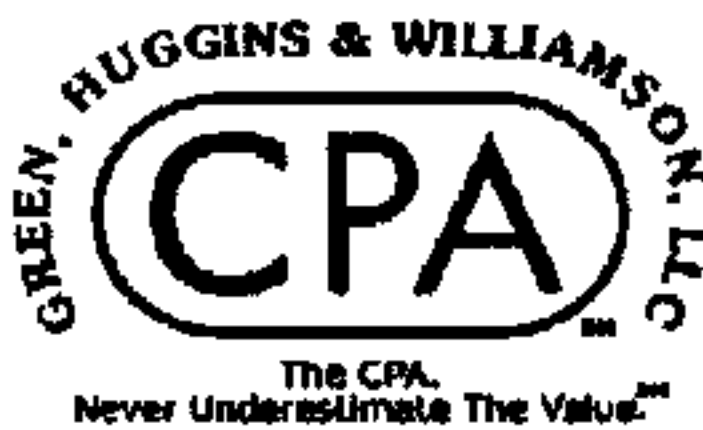
**Annual Financial Report
As of and for the Year Ended March 31, 2003**

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 5-19-04

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying primary government financial statements of the Housing Authority of the Town of Ferriday, Ferriday, Louisiana, as of and for the year ended March 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of the Housing Authority of the Town of Ferriday, Ferriday, Louisiana, as of March 31, 2003 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, the primary government financial statements, because they do not include the financial data of the component unit of the Community Housing Development of Concordia, Inc., do not purport to, and do not present fairly the financial position of the Housing Authority of the Town of Ferriday, Ferriday, Louisiana, as of March 31, 2003 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 6, 2004, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Housing Authority taken as a whole. The accompanying supplemental information, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Green, Huggins & Williamson, LLC

GREEN, HUGGINS & WILLIAMSON, LLC

Shreveport, Louisiana
May 6, 2004

Housing Authority of the Town of Ferriday
Proprietary Fund Type - Enterprise Funds
Balance Sheet
March 31, 2003

Statement A

	<u>TOTAL</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 8,052
Investments	11,557
Accounts receivable, net	14,756
Prepaid items and other assets	2,100
Restricted assets	
Tenant deposits	<u>8,700</u>
Total Current Assets	<u>45,165</u>
Fixed Assets	
Land, buildings, and equipment (net of accumulated depreciation)	<u>1,483,631</u>
TOTAL ASSETS	<u>\$ 1,528,796</u>

(CONTINUED)

Housing Authority of the Town of Ferriday
Proprietary Fund Type -Enterprise Funds
Balance Sheet
March 31, 2003

Statement A

	<u>TOTAL</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 8,200
Current portion of long term debt	13,100
Current portion of compensated absences	<u>2,621</u>
Total Current Liabilities	<u>23,921</u>
Current Liabilities Payable From Current Restricted Assets	
Deposits due others	<u>8,700</u>
Total Current Liabilities Payable From Current Restricted Assets	<u>8,700</u>
Noncurrent Liabilities	
Long term debt	5,722
Compensated absences payable	<u>6,102</u>
Total Noncurrent Liabilities	<u>11,824</u>
Total Liabilities	<u>44,445</u>
FUND EQUITY	
Contributed capital	1,406,498
Retained earnings:	
Unreserved	<u>77,853</u>
Total fund equity	<u>1,484,351</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,528,796</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the Town of Ferriday

Proprietary Fund Type - Enterprise Funds
 Statement of Revenues, Expenses,
 and Changes in Fund Equity
 For the Year Ended March 31, 2003

Statement B

	<u>TOTAL</u>
OPERATING REVENUES	
Dwelling rental	\$ 90,970
Other	<u>27,669</u>
Total operating revenues	<u>118,639</u>
OPERATING EXPENSES	
Administration	99,262
Tenant services	7,052
Utilities	11,890
Ordinary maintenance & operations	58,628
General expenses	44,928
Depreciation and amortization	<u>148,083</u>
Total operating expenses	<u>369,843</u>
Operating Income (Loss)	<u>(251,204)</u>
Nonoperating revenues (expenses)	
Interest earnings	299
Federal grants	127,872
Interest expense	<u>(4,102)</u>
Total nonoperating revenues (expenses)	<u>124,069</u>
NET INCOME (Loss)	(127,135)
Depreciation on capital assets acquired by contributions	<u>148,083</u>
Increase (decrease) in retained earnings	<u>20,948</u>
RETAINED EARNINGS AT BEGINNING OF YEAR	56,905
RETAINED EARNINGS AT END OF YEAR	<u>77,853</u>
CONTRIBUTED CAPITAL AT BEGINNING OF YEAR	1,554,581
Depreciation transferred from retained earnings	<u>(148,083)</u>
CONTRIBUTED CAPITAL AT END OF YEAR	<u>1,406,498</u>
FUND EQUITY, END OF YEAR	<u>\$ 1,484,351</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the Town of Ferriday

Proprietary Fund Type - Enterprise Funds
Statement of Cash Flows
For the Year Ended March 31, 2003

Statement C

	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (251,204)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	148,083
(Increase) decrease in accounts receivable - other government	(13,944)
(Increase) decrease in accounts receivable - miscellaneous	48
(Increase) decrease in accounts receivable - tenants dwelling rents	(767)
(Increase) decrease in prepaid items	(1,892)
Increase (decrease) in accounts payable - vendors	2,500
Increase (decrease) in accrued wages and payroll taxes payable	(17,437)
Increase (decrease) in accrued compensated absences	743
Increase (decrease) in long-term debt current portion	6,751
Increase (decrease) in deferred revenue	(3,992)
Increase (decrease) in tenant security deposits	200
Increase (decrease) in accrued liabilities - other	<u>(78)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(130,989)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from federal operating grants	127,872
Long term debt incurred	5,722
Interest expense	<u>(4,102)</u>
NET CASH PROVIDED (USED) FROM NONCAPITAL FINANCING ACTIVITIES	129,492
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments to acquire, construct, or improve capital assets	<u>(23,031)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(23,031)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Investment income (interest income)	299
Purchase of investments	<u>(347)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(48)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,576)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>41,328</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 16,752</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the Town of Ferriday
Notes to the Financial Statements**

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**Housing Authority of the Town of Ferriday
Notes to the Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the Town of Ferriday (the Housing 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.

A. REPORTING ENTITY Housing authorities are chartered as public corporations under the laws LSA-R.S. 40:391 of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the Town or parish declaring a need for the Housing Authority to function in such Town or parish. The Housing Authority of the Town of Ferriday is governed by a five-member board of commissioners. The members, appointed by the Honorable Mayor of the Town of Ferriday, serve a staggered term of five years.

The Housing Authority has the following units:

	<u># of Units</u>
PHA Owned Housing	67

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the Town of Ferriday since the Town appoints a voting majority of the Housing Authority's governing board. The Town is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Ferriday. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Ferriday.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, 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 Housing Authority. In addition, the accompanying financial statements do not include various resident associations which are legally separate entities.

In 1998 the PHA formed a 501c(3) non-stock corporation called The Community Housing Development of Concordia, Inc (CHDC). The makeup of the board of the PHA is the same as that of CHDC. The component unit financial information has not been included in the PHA's entity wide audit, either in a blended or discrete presentation, because the records for the component unit were not available..

**Housing Authority of the Town of Ferriday
Notes to the Financial Statements**

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Housing Authority are classified as proprietary.

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.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGETS

General Budget Policies The Housing Authority adopted budgets for all funds. The budgets for the Capital Fund Programs are multiple-year budgets.

HUD approves all budgets for all HUD-funded programs. The budget is controlled by fund at the function level. Budgetary amendments require approval of the governing body.

All appropriations lapse at year-end.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budget integration (within the accounting records) is employed as a management control device.

E. CASH AND CASHEQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing 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 their principal offices in Louisiana.

**Housing Authority of the Town of Ferriday
Notes to the Financial Statements**

F. INVESTMENTS Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The Housing Authority reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. FIXED ASSETS Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building Improvements	15 years
Dwelling Equipment	7 years
Nondwelling Equipment	5 years
Office equipment (other than computers)	5 years
Computers	3 years
Automobiles and trucks	5 years

J. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

**Housing Authority of the Town of Ferriday
Notes to the Financial Statements**

K. FUNDEQUITY Reservations represent those portions of fund equity that are not appropriable for expenses or legally segregated for a specific future use.

L. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS At March 31, 2003, the Housing Authority has cash and cash equivalents (book balances) totaling \$16,752 including restricted deposits of \$8,700 as follows:

Deposits are stated at cost, which approximates fair value. 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 fair 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 year-end, the Housing Authority's carrying amount of deposits was \$16,752, and the bank balance was \$21,894. Of the bank balance, \$21,894 was covered by federal depository insurance.

NOTE 3 - RECEIVABLES The receivables of \$14,756, net of allowance for doubtful accounts of \$0, at March 31, 2003, are as follows:

<u>Class of Receivables</u>	<u>Total</u>
Residents	\$ 767
Others	13,944
Interest	45
Total	<u>\$14,756</u>

NOTE 4 - FIXED ASSETS The changes and balances in fixed assets are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Land	\$ 97,620	\$ 0	\$0	\$ 97,620
Site improvements	502,799	0	0	502,799
Buildings and building improvements	3,131,049	0	0	3,131,049
Furniture and equipment	154,874	9,407	0	164,281
Construction in progress	<u>0</u>	<u>13,624</u>	<u>0</u>	<u>13,624</u>
Total	<u>3,886,342</u>	<u>23,031</u>	<u>0</u>	<u>3,909,373</u>
Less accumulated depreciation:				
Site improvements	450,384	5,968	0	456,352
Buildings and building improvements	1,685,918	136,828	0	1,822,746
Furniture and equipment	<u>141,357</u>	<u>5,287</u>	0	<u>146,644</u>
Total	<u>2,277,659</u>	<u>148,083</u>	<u>0</u>	<u>2,425,742</u>

**Housing Authority of the Town of Ferriday
Notes to the Financial Statements**

Fixed assets, net	<u>\$1,608,683</u>	<u>\$(125,052)</u>	<u>\$0</u>	<u>\$1,483,631</u>
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NOTE 5 - ACCOUNTS PAYABLE The payables at March 31, 2003, are as follows:

Payroll deductions and taxes	\$ 700
Litigation Payable	<u>7,500</u>
Total	<u>\$8,200</u>

NOTE 6 - COMPENSATED ABSENCES At March 31, 2003, employees of the Housing Authority have accumulated and vested \$8,723 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made. Following is a summary of the compensated absence transactions for the year:

Balance at beginning of year	\$ 7,980
Additions	2,621
Deductions	<u>(1,878)</u>
Balance at end of year	<u>\$ 8,723</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Construction Projects There are certain major construction projects in progress at March 31, 2003. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Grant Disallowances The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Litigation The Housing Authority has settled a wrongful eviction claim by a former tenant. An estimate of the loss is \$7,500.

NOTE 8 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance through the Louisiana Housing Council Authorities Group Self-Insurance Trust. This self-insurance program is a public entity risk pool which has been approved by both the State of Louisiana Insurance Commission and the Department of Housing and Urban Development. The Trust operates as any other commercial insurance company. Five insurance companies currently share the excess coverage insurance. No additional assessments can be made against the Housing Authority. The Housing Authority is responsible only for the premium payments.

Housing Authority of the Town of Ferriday

Financial Data Schedule
For the Year Ended March 31, 2003

Line Item	Account Description	Low Rent Public Housing	Public Housing Capital Fund	Total
111	Cash - Unrestricted	\$16,752	\$0	\$16,752
100	Total Cash	\$16,752	\$0	\$16,752
122	Accounts Receivable - HUD Other Projects	\$13,944	\$0	\$13,944
126	Accounts Receivable - Tenants - Dwelling Rents	\$767	\$0	\$767
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
129	Accrued Interest Receivable	\$45	\$0	\$45
120	Total Receivables, net of allowances for doubtful accounts	\$14,756	\$0	\$14,756
131	Investments - Unrestricted	\$11,557	\$0	\$11,557
142	Prepaid Expenses and Other Assets	\$2,100	\$0	\$2,100
150	Total Current Assets	\$45,165	\$0	\$45,165
161	Land	\$97,620	\$0	\$97,620
162	Buildings	\$3,087,252	\$0	\$3,087,252
163	Furniture, Equipment & Machinery - Dwellings	\$46,542	\$6,821	\$53,363
164	Furniture, Equipment & Machinery - Administration	\$106,979	\$3,939	\$110,918
165	Leasehold Improvements	\$501,088	\$0	\$501,088
166	Accumulated Depreciation	(\$2,423,406)	(\$2,336)	(\$2,425,742)
167	Construction in Progress	\$0	\$59,132	\$59,132
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,416,075	\$67,556	\$1,483,631
180	Total Non-Current Assets	\$1,416,075	\$67,556	\$1,483,631
190	Total Assets	\$1,461,240	\$67,556	\$1,528,796

Housing Authority of the Town of Ferriday

Financial Data Schedule
For the Year Ended March 31, 2003

Line Item	Account Description	Low Rent Public Housing	Public Housing Capital Fund	Total
311	Bank Overdraft	\$0	\$1	\$1
312	Accounts Payable <= 90 Days	\$7,500	\$0	\$7,500
321	Accrued Wage/Payroll Taxes Payable	\$700	\$0	\$700
322	Accrued Compensated Absences - Current Portion	\$2,621	\$0	\$2,621
341	Tenant Security Deposits	\$8,700	\$0	\$8,700
344	Current Portion of Long Term Debt	\$13,100		\$13,100
310	Total Current Liabilities	\$45,937	\$1	\$45,938
352	Long-term debt, Net of current	5722		5722
354	Accrued Compensated Absences - Non Current	6102		6102
350	Total Noncurrent Liabilities	\$11,824	\$0	\$11,824
300	Total Liabilities	\$44,444	\$1	\$44,445
504	Net HUD PHA Contributions	\$1,406,498	\$0	\$1,406,498
508	Total Contributed Capital	\$1,406,498	\$0	\$1,406,498
511	Total Reserved Fund Balance	\$0	\$0	\$0
512	Undesignated Fund Balance/Retained Earnings	\$10,298	\$67,555	\$77,853
513	Total Equity/Net Assets	\$1,416,796	\$67,555	\$1,484,351
600	Total Liabilities and Equity/Net Assets	\$1,461,240	\$67,556	\$1,528,796

Housing Authority of the Town of Ferriday

Financial Data Schedule
For the Year Ended March 31, 2003

Line Item	Account Description	Low Rent Public Housing	Public Housing Capital Fund	Total
703	Net Tenant Rental Revenue	\$90,970	\$0	\$90,970
704	Tenant Revenue - Other	\$2,905	\$0	\$2,905
705	Total Tenant Revenue	\$93,875	\$0	\$93,875
706	HUD PHA Operating Grants	\$87,572	\$26,205	\$113,777
706.1	Capital Grants	\$0	\$14,095	\$14,095
711	Investment Income - Unrestricted	\$299	\$0	\$299
715	Other Revenue	\$24,764	\$0	\$24,764
700	Total Revenue	\$206,510	\$40,300	\$246,810

Housing Authority of the Town of Ferriday

Financial Data Schedule
For the Year Ended March 31, 2003

Line Item	Account Description	Low Rent Public Housing	Public Housing Capital Fund	Total
911	Administrative Salaries	\$43,488	\$0	\$43,488
912	Auditing Fees	\$17,500	\$0	\$17,500
914	Compensated Absences	\$743	\$0	\$743
915	Employee Benefit Contributions - Administrative	\$3,931	\$0	\$3,931
916	Other Operating - Administrative	\$27,395	\$6,205	\$33,600
921	Tenant Services - Salaries	\$5,965	\$0	\$5,965
923	Employee Benefit Contributions - Tenant Services	\$1,087	\$0	\$1,087
931	Water	\$1,811	\$0	\$1,811
932	Electricity	\$8,684	\$0	\$8,684
933	Gas	\$1,050	\$0	\$1,050
938	Other Utilities Expense	\$345	\$0	\$345
941	Ordinary Maintenance and Operations - Labor	\$38,479	\$0	\$38,479
942	Ordinary Maintenance and Operations - Materials and Other	\$8,385	\$0	\$8,385
943	Ordinary Maintenance and Operations - Contract Costs	\$8,262	\$0	\$8,262
945	Employee Benefit Contributions - Ordinary Maintenance	\$3,502	\$0	\$3,502
961	Insurance Premiums	\$29,590	\$0	\$29,590
962	Other General Expenses	\$7,149	\$0	\$7,149
963	Payments in Lieu of Taxes	\$7,908	\$0	\$7,908
964	Bad Debt - Tenant Rents	\$281	\$0	\$281
967	Interest Expense	\$4,102	\$0	\$4,102
969	Total Operating Expenses	\$219,657	\$6,205	\$225,862
970	Excess Operating Revenue over Operating Expenses	(\$13,147)	\$34,095	\$20,948
974	Depreciation Expense	\$147,191	\$892	\$148,083
900	Total Expenses	\$366,848	\$7,097	\$373,945
1001	Operating Transfers In	\$20,000	\$0	\$20,000
1002	Operating Transfers Out	\$0	(\$20,000)	(\$20,000)
1010	Total Other Financing Sources (Uses)	\$20,000	(\$20,000)	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$140,338)	\$13,203	(\$127,135)

Housing Authority of the Town of Ferriday

Financial Data Schedule
For the Year Ended March 31, 2003

Line Item	Account Description	Low Rent Public Housing	Public Housing Capital Fund	Total
1101	Capital Outlays Enterprise Fund	\$0	\$0	\$0
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$1,557,134	\$54,352	\$1,611,486
1112	Depreciation Add Back	\$145,404	\$0	\$145,404
1120	Unit Months Available	797	0	797
1121	Number of Unit Months Leased	789	0	789

**Housing Authority of the Town of Ferriday
General**

COMPENSATION PAID BOARD MEMBERS

The members of the Board of Commissioners are as follows, and serve without compensation:

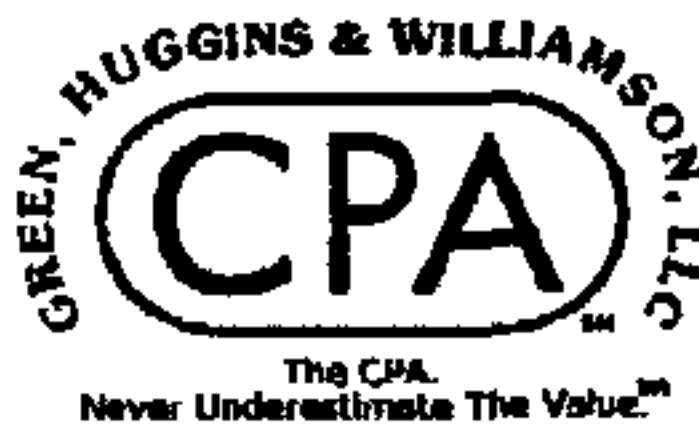
Marguerite Hayes

Carl Dangerfield

Beverly Perkins

Clarence Hymon

Richard Washington



Green, Huggins & Williamson, LLC

3100 Knight Street, Suite 9
Shreveport, LA 71105

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Tim Green, CPA
Charles E. "Chuck" Huggins, CPA
Margie E. Williamson, CPA

Telephone: (318) 213-2200
Facsimile: (318) 213-2201

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

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

We have audited the financial statements of the Housing Authority of the Town of Ferriday, Ferriday, Louisiana, as of and for the year ended March 31, 2003, and have issued our report thereon dated May 6, 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. The Independent Auditors report was qualified because The Community Housing Development of Concordia, Inc a component unit of the Housing Authority, is not included.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings and Questioned Costs as 03-F1, 03-F3 through 03-F7.

Management Letter Items

We noted other matters involving compliance over financial reporting which we have reported to management in a separate letter dated May 6, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could affect The Housing Authority of the Town of Ferriday'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 03-F1 through 03-F7.

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 material weaknesses. However of the reportable conditions listed above, we consider items 03-F1, 03-F3, 03-F4, 03-F6 to be material weaknesses.

This report is intended solely for the information and use of the Board, management, and the federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties. This report is a matter of public record and its distribution is not limited.

Green, Huggins & Williamson, LLC

GREEN, HUGGINS & WILLIAMSON, LLC

Shreveport, Louisiana

May 6, 2004

**Housing Authority of the Town of Ferriday
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2003**

PART I - Summary of the Auditors' Results

Financial statement audit

- i. The type of audit report issued was qualified.
- ii. There were reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States. Some of the reportable conditions were considered material weaknesses.
- iii. There were instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

**Housing Authority of the Town of Ferriday
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2003**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: 03-F1 Operating Subsidy Calculation

Criteria or specific requirement: The performance funding system (PFS) calculation of the annual operating subsidy should be mathematically correct.

Condition found: The prior audit determined that for FYE March 31, 2002 in the tests of the PFS calculation the PHA was not able to provide all source documentation requested by the auditor and therefore the auditor was not able to confirm if the calculations were correctly done. The PFS calculation used for the FYE March 31, 2003 appears to be the FYE March 31, 2002 submission, with the 2003 calculations prepared by HUD.

Possible asserted effect (cause and effect):

Cause: The PFS form submitted by the PHA was prepared using incorrect data from the prior year.

Effect: HUD is preparing the subsidy request, that should be prepared by the PHA.

Recommendations to prevent future occurrences: The PHA should submit a mathematically correct PFS using the correct data to prepare the submission and retain the documentation of the data used.

Reference # and title: 03-F2 Budget Overruns

Criteria or specific requirement: The PHA should not incur expenditures without the approval of the Board of Commissioners.

Condition found: The PHA overran it's approved operating budget by more than 6%, by the following overrun amount:

Total Low Rent Expenses Budgeted	\$205,885
Total Low Rent Expenses Actual	<u>219,657</u>
Total Overrun of Low Rent Expenses	<u>\$13,772</u>

Possible asserted effect (cause and effect):

Cause: The PHA did not adequately monitor budget versus actual expenses.

Effect: The PHA incurred Low Rent expenditures that were not approved by the Board of Commisioners.

**Housing Authority of the Town of Ferriday
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2003**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Recommendations to prevent future occurrences: The PHA should monitor the budget versus actual expenses on a regular basis and take appropriate action when there is an overrun.

Reference # and title: 03-F3 Component Unit

Criteria or specific requirement: An entity organized and controlled by another entity is considered a component unit. Component unit financial information should be displayed in the PHA's entity wide audit, either in a blended or discrete presentation. The entity should control the assets and activities of the component unit.

Condition found: In 1998 the PHA formed a 501c(3) non-stock corporation called The Community Housing Development of Concordia, Inc (CHDC). At formation makeup of the board of the CHDC was the same as that of PHA. Currently none of the PHA board members are CHDC board members. The Housing Authority of the Town of Ferriday did not include any CHDC financial information in the audited financial statements for the Fiscal Years Ending March 31, 2001 and March 31, 2002. CHDC's bank statement has been sent to the PHA's office and PHA staff has been forwarding it unopened to the former PHA executive director. We were unable to obtain any records for the FYE March 31, 2003.

Possible asserted effect (cause and effect):

Cause: The PHA does not have control of the activities of a component unit.

Effect: The PHA is unable to track the activities of a component unit.

Recommendations to prevent future occurrences: The PHA should gain control of the activities of a component unit.

Reference # and title: 03-F4 Inadequate Documentation for Expenditures

Criteria or specific requirement: All expenditures should have adequate documentation.

Condition found: Of forty two (42) disbursements tested, we noted the following documentation deficiencies:

- 6 Disbursements did not show proper approval on the invoice by appropriate personnel
- 1 Disbursement was not properly recorded, the charge did not agree to the invoice
- 6 Disbursements lacked adequate documentation
- 1 Disbursement where the PHA did not take the net of all applicable credits

**Housing Authority of the Town of Ferriday
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2003**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

3 Disbursements where the invoice date was not comparable to the date of the check

Possible asserted effect (cause and effect):

Cause: The PHA failed to follow proper procedures processing invoices for payment.

Effect: The PHA paid invoices that were not approved and for incorrect amounts.

Recommendations to prevent future occurrences: The PHA should not issue payment for any invoices that are not properly processed.

Reference # and title: **03-F5** **Audit Report Issued Late**

Criteria or specific requirement: The audit should be published within six (6) months of FYE per State law and within nine (9) months of FYE per Federal law.

Condition found: The March 31, 2003 audit is being published thirteen (13) months after fiscal year end.

Possible asserted effect (cause and effect):

Cause: The Auditor for the FYE March 31, 2003 was engaged eight months after the end of the fiscal year.

Effect: The state and federal deadlines for issuing the Audit report were missed.

Recommendations to prevent future occurrences: The PHA should engage an auditor prior to the end of the fiscal year being audited.

Reference # and title: **03-F6** **Inadequate Payroll Documentation**

Criteria or specific requirement: The PHA should adequately document and correctly calculate payroll data.

Condition found: The PHA does not keep or maintain a salary schedule. The Executive Directors contract was approved by the Board of commissioners. There is no documentation in the minutes that the salaries of the other

**Housing Authority of the Town of Ferriday
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2003**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

employees have been approved by the Board of Commissioners. Of eighteen (18) payroll disbursements tested, we noted the following deficiencies:

- 15 Could not trace payroll disbursement salary/hourly rate to personnel file or salary schedule
- 12 Payroll disbursement did not have the employees signature on their time sheet
- 3 Payroll disbursements lack adequate approval from the Executive Director on the time sheets
- 18 Payroll disbursement did not have proof of existence (i.e. I-9s)

Possible asserted effect (cause and effect):

Cause: The employee personnel files are not being properly maintained and PHA procedures are not being followed prior to the issuance of payroll disbursements.

Effect: The PHA is in violation of federal law and may be subject to substantial penalties for failure to maintain I-9s. The PHA is making payroll disbursements without adequate documentation.

Recommendations to prevent future occurrences: Prepare a board approved salary schedule for each employee and maintain the schedule in the employees personnel files. Prepare a I-9 for each employee and place in the employees personnel files. All payroll disbursements should be properly documented and approved prior to the disbursement.

Reference # and title: **03-F7** **Capital Fund Obligation**

Criteria or specific requirement: Section 9(j) of the US Housing act of 1937 requires that Capital Fund grants be 90 % obligated within two years from the date that the funds were made available.

Condition found: The Housing Authority was unable to provide documentation that the capital fund obligation amounts were correct at the obligation-end date for Capital Fund 2000 and Capital Fund 2001.

Possible asserted effect (cause and effect):

Cause: The Housing Authority's records the grant as fully obligated when the funds first become available and does not monitor actual obligation amounts.

Effect: The Capital Funds that are unobligated at the obligation-end date may be recaptured by HUD.

Recommendations to prevent future occurrences: The PHA should maintain a record of obligated amounts for each Capital Fund and monitor the obligation of funds to insure that Capital Fund grants are at least 90 % obligated by the obligation-end date.

Housing Authority of the Town of Ferriday

Other Information

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

Finding reference # and title: 2002-01 Operating Subsidy Calculation

Initially occurred: March 31, 2000.

Condition: The performance funding system (PFS) calculation of the annual operating subsidy should be mathematically correct.

The prior audit determined that for FYE March 31, 2000, it was incorrectly calculated. In our tests of the PFS calculation the PHA was not able to provide all source documentation we requested and we were therefore not able to confirm if the calculations were correctly done.

Corrective action planned: See current year finding 03-F1

Person responsible for corrective action:

Netrina A. England, Executive Director	Telephone: (318) 757-6531
Housing Authority of the Town of Ferriday	Fax: (318) 757-4400
27393 Hwy 15	
Ferriday, LA 71334	

Finding reference # and title: 2002-02 Budget Overruns

Initially occurred: March 31, 2001.

Condition: Per State law, the PHA should not overrun it's operating budget by more than 5% in any one expense category.

The PHA overran it's operating budget by more than 5% in the following expense categories and by the following overrun amounts:

	<u>March 31, 2001</u>
Administrative Salaries	\$5,881
Compensated absences	1,159
Accounting	466
Audit	930
Tenant service salaries	3,604
Maintenance labor	9,432
Nonroutine expenses	2,467
Equipment purchases	<u>735</u>
Total	<u>\$24,674</u>

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

March 31, 2002

Legal	\$ 600
Training	1,860
Sundry	8,586
Materials	1,802
Contract costs	5,272
Trash	828
Insurance	6,508
Employee benefits	1,295
Collection losses	1,025
Interest	1,544
General expenses	<u>5,117</u>
Total	<u>\$34,437</u>

Corrective action planned: See current year finding 03-F2.

Person responsible for corrective action:

Netrina A. England, Executive Director
Housing Authority of the Town of Ferriday
27393 Hwy 15
Ferriday, LA 71334

Telephone: (318) 757-6531
Fax: (318) 757-4400

Finding reference # and title: 2002-03 Tenant Security Deposits

Initially occurred: March 31, 2001.

Condition: Cash on deposit for tenant security deposits should be in a separate account.

Cash on deposit for tenant security deposits is in a separate account. The Board of commissioners did pass a resolution pledging a \$10,000 certificate of deposit (CD) toward tenant security deposits. However, this CD was already legally pledged toward a bank loan.

Corrective action taken: The Housing Authority has sufficient funds on hand to cover the security deposit liability.

Person responsible for corrective action:

Netrina A. England, Executive Director
Housing Authority of the Town of Ferriday
27393 Hwy 15
Ferriday, LA 71334

Telephone: (318) 757-6531
Fax: (318) 757-4400

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

Finding reference # and title: 2002-04 Capital Fund Program

Initially occurred: March 31, 2001.

Condition: Modernization expenditures and funding draws should be well documented and only made for items in the HUD approved budget. Monies drawn from HUD should be expended within five (5) days of receipt. Check coding should be adequate to allow the fee accountant to code the expenses directly to the grant subsidiary ledgers. Reporting to HUD should be accurate and supported by the general ledger.

The PHA did not provide adequate documentation to substantiate many program expenditures and funding draws. We noted four (4) checks totaling \$3,410 made out to the PHA's component unit with no documentation attached. As of February 28, 2002, it appears that the PHA had drawn down \$14,294.66 more from HUD than it was entitled to. At FYE March 31, 2001 the PHA instructed the fee accountant to recode \$42,157 from the low income housing program expenditures to CFP expenditures with no documentation to support this. Program funding for FYE March 31, 2001 was reported as \$19,771 on the FDS versus \$53,575 on the general ledger. We could not determine which, if either, were correct.

Corrective action taken: The Housing Authority is maintaining documentation for all program expenditures and draws.

Person responsible for corrective action:

Netrina A. England, Executive Director
Housing Authority of the Town of Ferriday
27393 Hwy 15
Ferriday, LA 71334

Telephone: (318) 757-6531
Fax: (318) 757-4400

Finding reference # and title: 2002-05 Lease of PHA-Owned Property

Initially occurred: March 31, 2001.

Condition: The PHA owns four (4) non HUD subsidized properties that are rented out to individuals and businesses.

The PHA did not provide us with leases on these properties. While some rent monies is being deposited into the Low Income Housing PHA bank account, we were not able to confirm that the deposits were appropriate.

Corrective action taken: The Housing Authority maintains a current file on each property which includes a current lease.

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

Person responsible for corrective action:

Board of Commissioners
Housing Authority of the Town of Ferriday
27393 Hwy 15
Ferriday, LA 71334

Telephone: (318) 757-6531
Fax: (318) 757-4400

Finding reference # and title: **2002-06**

Contractual Relationship With Relatives of Executive Director

Initially occurred: March 31, 2001.

Condition: Louisiana Law, LA. RS 42.1113, as enforced by the Louisiana Ethics Commission, precludes relatives of the Head of the Agency from residing at the entity.

The mother of and a sister of the Executive Director are residents of non HUD subsidized housing owned by the PHA.

Corrective action planned: This item is reported for the FYE March-31-2003 as Management Letter item 03-M1.

Person responsible for corrective action:

Board of Commissioners
Housing Authority of the Town of Ferriday
27393 Hwy 15
Ferriday, LA 71334

Telephone: (318) 757-6531
Fax: (318) 757-4400

Finding reference # and title: **2002-07**

Component Unit

Initially occurred: March 31, 2001.

Condition: An entity organized and controlled by another entity is considered a component unit. Component unit financial information should be displayed in the PHA's entity wide audit, either in a blended or discrete presentation. The entity should control the assets and activities of the component unit.

In 1998 the PHA formed a 501c(3) non-stock corporation called The Community Housing Development of Concordia, Inc (CHDC). The makeup of the board of the PHA is the same as that of CHDC. We were provided absolutely no information on CHDC except for a copy of the Articles of Incorporation provided by the Legislative Auditors Office. The financials of CHDC are not included in the audit. CHDC's bank statement has been sent to the PHA's office and PHA staff has been forwarding it unopened to the former PHA executive director.

Corrective action planned: See current year finding 03-F3.

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

Person responsible for corrective action:

Board of Commissioners	Telephone: (318) 757-6531
Housing Authority of the Town of Ferriday	Fax: (318) 757-4400
27393 Hwy 15	
Ferriday, LA 71334	

Finding reference # and title: 2002-08 Utility Allowance

Initially occurred: March 31, 2001.

Condition: The utility allowance should be updated annually.

The PHA staff indicated that the former executive director did, in fact, do a utility allowance review. However, no documentation was provided to substantiate this.

Corrective action planned: This item is reported for the FYE March-31-2003 as Management Letter item 03-M2.

Person responsible for corrective action:

Board of Commissioners	Telephone: (318) 757-6531
Housing Authority of the Town of Ferriday	Fax: (318) 757-4400
27393 Hwy 15	
Ferriday, LA 71334	

Finding reference # and title: 2002-09 Rent Charges to Resident

Initially occurred: March 31, 2000.

Condition: Rents charges to residents should be calculated per HUD regulations.

A local policeman resides at a PHA owned apartment and is not paying rent. The prior audit described in detail how the PHA could address this matter in a legal way.

Corrective action taken: The Housing Authority received HUD approval for police housing at the unit.

Person responsible for corrective action:

Board of Commissioners	Telephone: (318) 757-6531
Housing Authority of the Town of Ferriday	Fax: (318) 757-4400
27393 Hwy 15	
Ferriday, LA 71334	

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

Finding reference # and title: 2002-10 Reported Compensation

Initially occurred: March 31, 2001.

Condition: Compensation paid to staff should be properly reported to the IRS on W-2s and 1099s.

An analysis of compensation paid to one staff member for the year ended December 31, 2000 totals \$40,013. The W-2 for that staff member for that year totaled \$29,377, for a difference of \$10,636.

Corrective action taken: Compensation paid to staff is being properly reported to the IRS.

Person responsible for corrective action:

Netrina A. England, Executive Director
Housing Authority of the Town of Ferriday
27393 Hwy 15
Ferriday, LA 71334

Telephone: (318) 757-6531
Fax: (318) 757-4400

Finding reference # and title: 2002-11 Adequate Documentation for Expenditures

Initially occurred: March 31, 2001.

Condition: All expenditures should have adequate documentation.

Of eighty (80) disbursements tested, we noted the following documentation deficiencies:

- 34 Lacked adequate documentation totaling \$ 11,776.98
- 6 Included reimbursements totaling \$335.60 to one PHA employee without documentation
- 4 Included checks made out to 2 PHA employees totaling \$886.30. The memo line of these checks noted "POWER UP GRANT". The employees they were made out to cashed these checks.
- 4 Included payments to a Radio Shack credit account totaling \$273. The PHA is paying 24% on this account. The finance charges on this account for one of the months tested totaled \$55.05. The PHA paid \$56 for the month. The account holder is not identified on this statement.
- 4 Included payments for utilities for questionable addresses. The PHA has not identified residents of the addresses in question. The payments totaled \$3,384.73.
- 1 Payment to a PHA employee in the amount of \$500. The memo line of this check included "TRAVEL/EXPENSE POWER UP TRAINING," for which no documentation was provided.
- 1 Payment was made to a credit card account in the amount of \$800. No statement or documentation was provided for this payment. The memo line of this check included "ALARM SYSTEM FOR LEARNING CTR".
- 1 Payment to a vendor in the amount of \$2,375. The Invoice was for \$275.

We noticed several requests from the fee accountant asking for backup invoices from the PHA for payments.

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

Corrective action planned: See current year finding 03-F4 and 03-F6.

Person responsible for corrective action:

Netrina A. England, Executive Director	Telephone: (318) 757-6531
Housing Authority of the Town of Ferriday	Fax: (318) 757-4400
27393 Hwy 15	
Ferriday, LA 71334	

Finding reference # and title: **2002-12** **Audit Report Issued Late**

Initially occurred: March 31, 2001.

Condition: The audit should be published within six (6) months of FYE per State law and within nine (9) months of FYE per Federal law.

The March 31, 2001 audit is being published fifteen (15) months after fiscal year end.

Corrective action planned: See current year finding 03-F5.

Person responsible for corrective action:

Board of Commissioners	Telephone: (318) 757-6531
Housing Authority of the Town of Ferriday	Fax: (318) 757-4400
27393 Hwy 15	
Ferriday, LA 71334	

Finding reference # and title: **2002-13** **Annual Leave Payments**

Initially occurred: March 31, 2001.

Condition: Annual leave accumulated should not be paid in the form of cash during employment.

The PHA has been following a practice of paying annual leave in cash to staff members as long as the remaining balance of annual leave is still in excess of 300 hours. We noted three (3) instances where staff members were paid \$8,205 in this manner.

Corrective action taken: The Housing Authority's leave policy precludes the cash payment of annual leave.

Person responsible for corrective action:

Netrina A. England, Executive Director	Telephone: (318) 757-6531
Housing Authority of the Town of Ferriday	Fax: (318) 757-4400
27393 Hwy 15	
Ferriday, LA 71334	

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

Finding reference # and title: 2002-14 Inadequate Documentation for all Financial Accounts

Initially occurred: March 31, 2001.

Condition: The PHA should retain adequate documentation for all financial accounts.

The PHA did not furnish adequate documentation for the following accounts for FYE March 31, 2001:

1. CFP revenue and expenditure as reported on the FDS totaled \$19,771. General ledger account number 28450100 (Cumulative HUD Development Grant) indicated a balance of \$53,785. The HUD/LOCCS system recorded grants in the amount of \$53,785.
2. Unconfirmed accounts include the following:

Account Number *Line Item	Low Rent Public Housing FYE March 31, 2001 Account Title	Amount
11110101	Cash	\$ 26,972
1162	General fund investments	10,575
1404	Land, structure & equipment	3,830,546
1405	Comp Grant	63,369
1125	Accounts receivable HUD	533
1544	Accumulated depreciation	2,125,316
2117	Payroll withholding	17,609
2119	Accounts payable - other	15,000
21190100	\$15,000 loan repayments	(3,533)
2290	Deferred charges	7,501
*512	Undesignated fund balance/RE	(25,134)
*508	Total contributed capital	1,705,480
	Payroll (see finding 2002-16)	97,859

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

Account Number *Line Item	Low Rent Public Housing FYE March 31, 2002 Account Title	Amount
11110101	Cash	\$ 41,327
1122	Tenants' accounts receivable	(73)
1162	General fund investments	11,209
1404	Land, structure & equipment	3,830,546
1405	Comp grant	86,836
*324	Accrued contingency liability	5,000
*342	Deferred revenue	3,992
*344	Current portion - long-term debt	6,349
1544	Accumulated depreciation	2,276,215
2117	Payroll withholding	18,137
*512	Undesignated fund balance/RE	9,355
*508	Total contributed capital	1,554,581
	Payroll (see finding 2002-16)	62,705

Account Number *Line Item	Capital Fund Program FYE March 31, 2001 Account Title	Amount
*160	Total fixed assets, net of depreciation	\$35,252
*508	Total contributed capital	35,252

Account Number *Line Item	Capital Fund Program FYE March 31, 2002 Account Title	Amount
*160	Total fixed assets, net of depreciation	\$54,352
*508	Total contributed capital	34,428
*512	Undesignated fund balance/RE	19,925

Corrective action taken: The Housing Authority maintained adequate documentation for the accounts cited above.

Person responsible for corrective action:

Netrina A. England, Executive Director
Housing Authority of the Town of Ferriday
27393 Hwy 15
Ferriday, LA 71334

Telephone: (318) 757-6531
Fax: (318) 757-4400

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

Finding reference # and title: **2002-15** **Adequate Control Over Financial Reporting and Compliance**

Initially occurred: March 31, 2001.

Condition: The PHA should insure that adequate internal controls over financial reporting and compliance are in place.

1. For FYE March 31, 2001, the PHA recorded on the Schedule of Expenditures of Federal Awards for CFDA #14.850a Low Rent Public Housing awards in the amount of \$119,723. This amount actually represents dwelling rents charged to residents, something totally different than federal subsidies. The correct amount is \$38,203.
2. Account number 1128 (Deposits Over and Under) had a balance of \$386 at March 31, 2001. This account is used when the PHA does not adequately identify the source of bank deposits to the fee accountant. Any imbalance should be promptly identified.
3. The unaudited FDS submission to HUD for FYE March 31, 2002 contained many incorrectly classified entries. We adjusted it where we could document the corrections. Please see the schedule of audit adjusting journal entries for details.
4. There were no accounts payables recorded as of March 31, 2002.

Corrective action taken: FYE ended March 31, 2003 was not subject to a single audit therefore the Schedule of Expenditures of Federal Awards was not applicable for item number 1. Items numbered 2 through 4 have been resolved,

Person responsible for corrective action:

Netrina A. England, Executive Director
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27393 Hwy 15
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Fax: (318) 757-4400

Finding reference # and title: **2002-16** **Payroll Documentation**

Initially occurred: March 31, 2001.

Condition: The PHA should adequately document and correctly calculate payroll data.

1. The FYE March 31, 2001 quarterly 941 reported gross wages of \$92,744. During the same period the PHA reported \$89,864 to the Louisiana Department of Labor. The FDS for this period reported wages of \$97,859.
2. The PHA could not provide W-2 forms for December 31, 2001.
3. The PHA could not provide payroll quarterly reports for the year 2002.

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
March 31, 2003**

4. The amount of payroll taxes payable to the IRS as of March 31, 2002 was understated by at least \$6,802, per a letter from the IRS dated February 26, 2002.
5. Personnel files lacked notification forms for changes in employee status. There was an incomplete performance appraisal form for one (1) year in one (1) personnel file we reviewed. Performance appraisal forms should be in separate files per Civil Service. The personnel files we were provided contained very little documentation at all.
6. Payroll taxes have not been remitted in a timely manner to governmental agencies. As of February 26, 2002, the IRS considered the PHA late for 6 quarterly reports and imposed an additional civil penalty of \$1,064.16.

Corrective action planned: The items listed above have been resolved with the exception of item 5, which is reflected in current year finding 03-F6.

Person responsible for corrective action:

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Finding reference # and title: **2002-17** **Payment of Tenant Utilities**

Initially occurred: March 31, 2001.

Condition: PHA tenants should pay their own utilities.

During the audit period, we noted that the PHA has paid utilities for houses on the low rent program as well as for houses owned by the PHA that are not on the low rent program. Some of these residents are/were employees of the PHA.

Corrective action taken: The Housing Authority no longer allows this practice.

Person responsible for corrective action:

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Finding reference # and title: **2002-18** **Expenditure Documentation**

Initially occurred: March 31, 2001.

**Housing Authority of the Town of Ferriday
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Condition: All expenditures of public funds should be appropriate and well documented. This finding relates to one former staff member.

1. A former staff member was terminated on November 14, 2001. In July 2001, HUD sent to the PHA a Limited Denial of Participation (LOP) regarding this staff member, which means he could not work at any PHA for some period beginning that date. However, the PHA paid his health insurance through March 2002.
2. The PHA received a check from the US Treasury in the amount of \$496. It was deposited into the PHA's bank account. The PHA then issued a check to the above mentioned former staff member for exactly the same amount with the notation "travel" on the check. We were provided no documentation for this expenditure.
3. This former staff member collected unemployment after termination by the PHA LRS 23:1601 (2) (A) states that benefits shall be disqualified if a person was discharged for misconduct.
4. The PHA executed an employment contract with this staff member effective June 26, 1996. The term of the contract was for 5 years. Execution of any contract in excess of 2 years by any PHA is a violation of the ACC with HUD.
5. The personnel files include a copy of a scholarship application for this staff member's child. The scholarship application certifies that the staff member's total household income is under \$25,000 per year. The form is dated August 8, 1999. Per the employment contract described in the paragraph above, the staff member's salary was \$28,987 per year. A current PHA staff member indicated that the scholarship was awarded to this person.

Corrective action taken: The employee this finding relates to is no longer employed by the Housing Authority. However see current year finding 03-F4 and 03-F6. **Person responsible for corrective action:**

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Finding reference # and title: 2002-19 Documentation for Power-Up Program

Initially occurred: March 31, 2001.

Condition: The PHA should adhere to all grant provisions. PHA reporting should be according to GAAP.

The PHA received a "Power Up" grant. We were provided almost no information on this grant and do not even know if it is a federal grant. However, what little grant documentation we received indicated that the PHA was required to adequately document expenditures charged to the grant. We tested seven (7) transactions totaling \$3,390.24 charged to this grant and found that all seven (7) transactions totaling \$3,390.24 lacked adequate documentation. During FYE March 31, 2001 this grant was reported under a separate column on the FDS labeled Business Activities. During FYE March 31, 2002 activity for this grant was blended in with Low Rent reporting on the FDS.

**Housing Authority of the Town of Ferriday
Summary Schedule of Prior Audit Findings
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Corrective action taken: The Housing Authority has not issued any additional checks related to the power-up grant and the power-up organization has ceased operations.

Person responsible for corrective action:

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Finding reference # and title: **2002-20**

Documentation for MASS Evaluation

Initially occurred: March 31, 2001.

Condition: The PHA must submit annually to HUD a self-completed Management Assessment Subsystem (MASS) performance evaluation.

The PHA did submit a MASS evaluation to HUD for FYE March 31, 2001; however, the PHA was not able to provide any documentation to substantiate the submission. As of the publication date of this audit the PHA had not submitted a MASS evaluation for FYE March 31, 2002.

Corrective action taken: The Housing Authority prepared the MASS submission for the year ended March 31, 2003, and retained the documentation related to the submission.

Person responsible for corrective action:

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**Housing Authority of the Town of Ferriday
Corrective Action Plan For Current-Year Audit Findings
As of and for the Year Ended March 31, 2003**

Reference # and title: **03-F1** **Operating Subsidy Calculation**

Condition: The performance funding system (PFS) calculation of the annual operating subsidy should be mathematically correct.

The prior audit determined that for FYE March 31, 2002 in the tests of the PFS calculation the PHA was not able to provide all source documentation requested by the auditor and therefore the auditor was not able to confirm if the calculations were correctly done. The PFS calculation used for the FYE March 31, 2003 appears to be the FYE March 31, 2002 submission, with the 2003 calculations prepared by HUD.

Corrective action planned: The Housing Authority will review all PFS calculations from the fee accountant and make necessary adjustments prior to submitting it to HUD for approval.

Contact person responsible for corrective action:

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Reference # and title: **03-F2** **Budget Overruns**

Condition: The PHA should not incur expenditures without the approval of the Board of Commissioners.

The PHA overran it's operating budget by more than 6%, by the following overrun amount:

Total Low Rent Expenses Budgeted	
\$205,885	
Total Low Rent Expenses Actual	<u>219,657</u>
Total Overrun of Low Rent Expenses	\$13,772

Corrective action planned: The Housing Authority will monitor budget versus actual expenditure reports on a monthly basis and the board will approve any necessary budget revisions.

Contact person responsible for corrective action:

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Reference # and title: **03-F3** **Component Unit**

**Housing Authority of the Town of Ferriday
Corrective Action Plan For Current-Year Audit Findings
As of and for the Year Ended March 31, 2003**

Condition: An entity organized and controlled by another entity is considered a component unit. Component unit financial information should be displayed in the PHA's entity wide audit, either in a blended or discrete presentation. The entity should control the assets and activities of the component unit.

Condition found: In 1998 the PHA formed a 501c(3) non-stock corporation called The Community Housing Development of Concordia, Inc (CHDC). At formation makeup of the board of the CHDC was the same as that of PHA. Currently none of the PHA board members are CHDC board members. The Housing Authority of the Town of Ferriday did not include any CHDC financial information in the audited financial statements for the Fiscal Years Ended March 31, 2001 and March 31, 2002. CHDC's bank statement has been sent to the PHA's office and PHA staff has been forwarding it unopened to the former PHA executive director. We were unable to obtain any records for the FYE March 31, 2003.

Corrective action planned: The Housing Authority will take action to discover assets and liabilities of all component units and gain control over said component units.

Contact person responsible for corrective action:

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Reference # and title: **03-F4** **Inadequate Documentation for Expenditures**

Condition: All expenditures should have adequate documentation.

Of forty two (42) disbursements tested, we noted the following documentation deficiencies:

- 6 Disbursements did not show proper approval on the invoice by appropriate personnel
- 1 Disbursement was not properly recorded, the charge did not agree to the invoice
- 6 Disbursements lacked adequate documentation
- 1 Disbursement where the PHA did not take the net of all applicable credits
- 3 Disbursements where the invoice date was not comparable to the date of the check

Corrective action planned: The Housing Authority will attach adequate documentation to all checks.

Contact person responsible for corrective action:

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**Housing Authority of the Town of Ferriday
Corrective Action Plan For Current-Year Audit Findings
As of and for the Year Ended March 31, 2003**

Reference # and title: **03-F5** **Audit Report Issued Late**

Condition: The audit should be published within six (6) months of FYE per State law and within nine (9) months of FYE per Federal law.

The March 31, 2003 audit is being published thirteen (13) months after fiscal year end.

Corrective action planned: The Housing Authority will solicit audit proposals and engage an auditor prior to the end of the fiscal year.

Contact person responsible for corrective action:

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Reference # and title: **03-F6** **Inadequate Payroll Documentation**

Condition: The PHA should adequately document and correctly calculate payroll data.

The PHA does not keep or maintain a salary schedule. The Executive Directors contract was approved by the Board of commissioners. There is no documentation in the minutes that the salaries of the other employees have been approved by the Board of Commissioners. Of eighteen (18) payroll disbursements tested, we noted the following deficiencies:

- 15 Could not trace payroll disbursement salary/hourly rate to personnel file or salary schedule
- 12 Payroll disbursement did not have the employees signature on their time sheet
- 3 Payroll disbursements lack adequate approval from the Executive Director on the time sheets
- 18 Payroll disbursement did not have proof of existence (i.e. I-9s)

Corrective action planned: The Housing Authority now has trained staff to prepare payroll and payroll reporting.

Contact person responsible for corrective action:

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Reference # and title: **03-F7** **Capital Fund Obligation**

**Housing Authority of the Town of Ferriday
Corrective Action Plan For Current-Year Audit Findings
As of and for the Year Ended March 31, 2003**

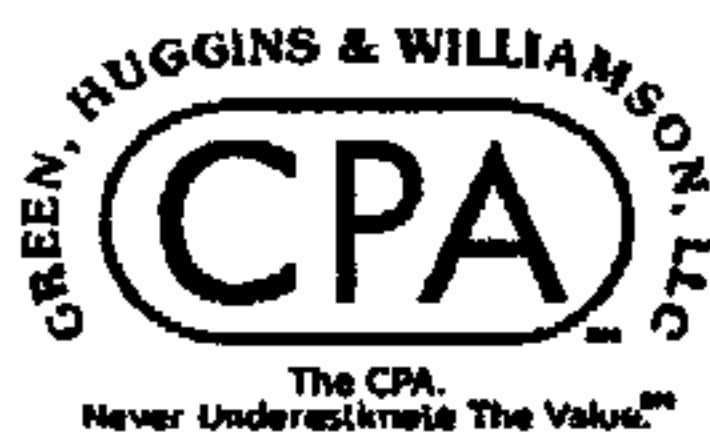
Condition: Section 9(j) of the US Housing act of 1937 requires that Capital Fund grants be 90 % obligated within two years from the date that the funds were made available.

The Housing Authority was unable to provide documentation that the capital fund obligation amounts were correct at the obligation-end date for Capital Fund 2000 and Capital Fund 2001.

Corrective action planned: The PHA will maintain a record of obligated amounts for each Capital Fund and monitor the obligation of funds to insure that Capital Fund grants are at least 90 % obligated by the obligation-end date.

Contact person responsible for corrective action:

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Management Letter

The Board of Directors
Housing Authority of the Town of Ferriday
Ferriday, Louisiana

In planning and performing our audit of the basic financial statements of the Housing Authority of the Town of Ferriday, Ferriday, Louisiana, for the year ended March 31, 2003, we considered the Housing Authority's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated May 6, 2004, on the basic financial statements of the Housing Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are as follows:

03-M1 Contractual Relationship with Relatives of Executive Director

Comment: Louisiana Law, LA. RS 42.1113, as enforced by the Louisiana Ethics Commission, precludes relatives of the Head of the Agency from residing at the entity. The mother of and a sister of the Executive Director are residents of non HUD subsidized housing owned by the PHA.

Recommendation: The PHA should seek legal advice and/or an opinion from the Louisiana Ethics Commission, then take action accordingly.

Management's Response: The Housing Authority will not enter into any contractual relationship with these individuals and will make appropriate action to terminate the current contractual relationship with the relatives of the Executive Director.

03-M2 Utility Allowance

Comment: The utility allowance should be updated annually if any utility rate has changed more than 10% since the last change to the utility allowance. The PHA has not performed an annual analysis of the utility rates.

Recommendation: Perform an annual analysis of the utility rates and update the utility allowance if any utility rate has changed more than 10% since the last change to the utility allowance.

Management's Response: The Housing Authority will engage a contractor for a utility allowance study and adopt any changes necessary.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Green, Huggins & Williamson, LLC

GREEN, HUGGINS & WILLIAMSON, LLC

Shreveport, Louisiana
May 6, 2004