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Housing Authority of the City of
Eunice
Report on Examination of Financial
Statement and Supplementary Data
Year Ended September 30, 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 5.12.04

RICHARD C. URBAN
CERTIFIED PUBLIC ACCOUNTANT

FINANCIAL SECTION

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RICHARD C. URBAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Eunice Housing Authority
Eunice, Louisiana

We have audited the accompanying general-purpose financial statements of the Housing Authority of the City of Eunice, Louisiana 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 Housing Authority's management. Our responsibility is to express an opinion on these general-purpose 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.

In our 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 Eunice, Louisiana, as of September 30, 2003, and the results of its operations 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 February 16, 2004, on our consideration of the Housing Authority of the City of Eunice, Louisiana internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. The accompanying supplemental information listed in the table of contents is included to meet HUD regulatory requirements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



RICHARD C. URBAN, CPA

Opelousas, Louisiana
February 16, 2004

EUNICE HOUSING AUTHORITY
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 2003

	<u>Governmental Fund Types</u>
	<u>General</u>
ASSETS AND OTHER DEBITS	
Assets:	
Cash and cash equivalents	\$ 269,536
Investments, at cost	382,459
Receivables (net of allowance for uncollectables)	5,918
Interfund receivable	---
Prepaid items	26,158
Land, buildings and equipment	---
Other debit	
Amount to be provided for retirement	
Of general long-term obligations	---
	<hr/>
Total Assets	684,071
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Account Groups

General
Fixed
Assets

TOTALS
(Memorandum
Only)

\$ ---

7,374,579

7,374,579

\$ 269,536
382,459
5,918

26,158
7,374,579

8,058,650

EUNICE HOUSING AUTHORITY
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 September 30, 2003

Governmental Fund Types

	<u>General</u>
LIABILITIES, EQUITY, AND OTHER CREDITS	
Liabilities:	
Accounts, salaries, and other payables	\$ 15,658
Interfund payable	---
Deposits due others	29,282
Compensated absences payable	<u>18,193</u>
 Total Liabilities	 <u>63,133</u>
 Equity and Other Credits:	
Investment in general fixed assets	---
Fund balances	
Reserved	---
Unreserved	<u>620,938</u>
 Total Equity and Other Credits	 <u>620,938</u>
 Total Liabilities, Equity, and Other Credits	 <u>684,071</u>

The accompanying notes are an integral part of this statement.

<u>Account Groups</u> General Fixed Assets	TOTALS (Memorandum Only)
\$ ---	\$ 15,658
---	---
---	29,282
<u>---</u>	<u>18,193</u>
---	<u>63,133</u>
7,374,579	7,374,579
---	---
<u>---</u>	<u>620,938</u>
<u>7,374,579</u>	<u>7,995,517</u>
<u><u>7,374,579</u></u>	<u><u>8,058,650</u></u>

EUNICE HOUSING AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
 Year Ended September 30, 2003

	<u>Governmental Fund Types</u>		TOTALS (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
REVENUES			
Local sources:			
Dwelling rental	\$ 298,081	\$ ---	\$ 298,081
Interest earnings	7,529	---	7,529
Other	53,855	---	53,855
Gain on sale of assets	---	---	---
Federal sources:			
Operating subsidy	373,530	---	373,530
Grants	<u>---</u>	<u>281,117</u>	<u>281,117</u>
Total revenues	<u>732,995</u>	<u>281,117</u>	<u>1,014,112</u>
EXPENDITURES			
Current:			
Administration	152,087	---	152,087
Tenant services	10,177	---	10,177
Utilities	140,120	---	140,120
Protective services	17,811	---	17,811
Ordinary maintenance and operation	179,252	---	179,252
General expenditures	58,311	---	58,311
Extraordinary maintenance	---	---	---
Facilities acquisition and construction	<u>32,213</u>	<u>261,117</u>	<u>293,330</u>
Total expenditures	<u>589,971</u>	<u>261,117</u>	<u>851,088</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	143,024	20,000	163,024
OTHER SOURCES (USES)			
Operating transfers in (out)	<u>20,000</u>	<u>(20,000)</u>	<u>---</u>
Total other sources (uses)	<u>20,000</u>	<u>(20,000)</u>	<u>---</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	163,024	---	163,024
FUND BALANCE, BEGINNING	<u>457,914</u>	<u>---</u>	<u>457,914</u>
FUND BALANCE, ENDING	<u>620,938</u>	<u>---</u>	<u>620,938</u>

The accompanying notes are an integral part of this statement.

EUNICE HOUSING AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL
 AND CAPITAL PROJECT FUNDS
 For the Year Ended September 30, 2003

	<u>General Fund</u>		Variance- Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Local sources:			
Dwelling rental	\$279,260	\$298,081	\$ 18,821
Interest earnings	27,860	7,529	(20,331)
Other	---	53,855	53,855
Gain on sale of assets	---	---	---
Federal sources:			
Operating subsidy	373,530	373,530	---
Grants	---	---	---
Total revenues	<u>680,650</u>	<u>732,995</u>	<u>52,345</u>
EXPENDITURES			
Current:			
Administration	153,074	152,087	987
Tenant services	10,000	10,177	(177)
Utilities	136,000	140,120	(4,120)
Protection services	---	17,811	(17,811)
Ordinary maintenance and operation	165,645	179,252	(13,607)
General expenditures	101,512	58,311	43,201
Extraordinary maintenance	---	---	---
Facilities acquisition and construction	25,800	32,213	(6,413)
Total expenditures	<u>592,131</u>	<u>589,971</u>	<u>2,160</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	88,519	143,024	54,505
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	----	<u>20,000</u>	---
Total other financing sources (uses)	<u>----</u>	<u>---</u>	<u>---</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	88,519	163,024	74,505
FUND BALANCE, BEGINNING	<u>---</u>	<u>457,914</u>	<u>457,914</u>
FUND BALANCE, ENDING	<u>88,519</u>	<u>620,938</u>	<u>532,419</u>

The accompanying notes are an integral part of this statement.

Capital Project Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ ---	\$ ---	\$ ---
---	---	---
---	---	---
---	---	---
---	---	---
281,117	281,117	---
-----	-----	-----
<u>281,117</u>	<u>281,117</u>	<u>---</u>
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
270,378	270,378	---
-----	-----	-----
<u>270,378</u>	<u>270,378</u>	<u>---</u>
20,000	20,000	---
(20,000)	(20,000)	-----
<u>(20,000)</u>	<u>(20,000)</u>	<u>-----</u>
---	---	---
---	---	---
-----	-----	-----
---	---	---
<u>-----</u>	<u>-----</u>	<u>-----</u>

EUNICE HOUSING AUTHORITY
Eunice, Louisiana
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2003

INTRODUCTION

The Eunice Housing Authority (authority) was created by Louisiana Revised Statute (LSA-R.S.) 40:391 to engage in the acquisition, development, and administration of a low rent housing program to provide safe, sanitary, and affordable housing to the citizens of Eunice, Louisiana.

The authority is administered by a five-member board appointed by the Mayor. Members of the board serve three-year terms.

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 manages 150 housing units.

In addition, the authority is currently administering two separate capital funding programs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the authority have been prepared in conformity with accounting principals 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.

Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the 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 Eunice, Louisiana since the mayor appoints a voting majority of the authority's governing board. The City of Eunice, Louisiana is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to, or impose financial burdens on, the City of Eunice, Louisiana. Accordingly, the authority is not a component unit of the financial reporting entity of the City of Eunice, Louisiana.

The authority includes all funds, account groups, activities, et cetera, that are within the oversight responsibility of the authority.

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

NOTES TO FINANCIAL STATEMENTS (continued)

Statements do not include various tenant associations which are legally separate entities.

Fund Accounting

The authority uses funds and account groups 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. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

Funds of the authority are classified into one category: governmental. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

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

1. General Fund—the general operating fund of the authority accounts for all financial resources, except those required to be accounted for in other funds. The General Fund includes transactions of the low rent housing assistance programs.
2. Capital Projects Fund—account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds. Capital projects funds contain transactions relating to active modernization and development programs.

Basis of Accounting

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

Revenues

Operating subsidies and the annual contributions received from HUD are recorded when available and

NOTES TO FINANCIAL STATEMENTS (continued)

measurable. Federal restricted grants are recorded when reimbursable expenditures have been incurred.

Rental income, excess utilities, and other income are recorded in the month earned.

Interest earnings are recorded when time deposits mature and interest is credited to the authority's deposits.

Expenditures

Expenditures are recorded when the related fund liability is incurred. This includes expenditures for salaries and capital outlay in the general fund.

The authority's liability for compensated absences is accounted for in the general fund and is recorded annually. At September 30, 2003, the liability for accumulated compensated absences was \$18,193 for the general fund.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

The authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the authority before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

Budgets

The authority uses the following budget practices:

1. The Executive Director prepares a proposed budget and submits same to the Board of Commissioners no later than thirty days prior to the beginning of each fiscal year.
2. Following discussion and acceptance of the budget by the Board, it is sent to HUD for approval.
3. Upon approval by HUD, the budget is formally adopted.
4. Any budgeted amendments require the approval of the Executive Director and Board of Commissioners.
5. Any budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the General and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. The budget comparison presented in the financial statements includes the original budget and all amendments.

Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts and certificates of deposit with original maturities of 90 days or less. Under state law, the authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

NOTES TO FINANCIAL STATEMENTS (continued)

Under state law, the authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or 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.

Prepaid Items

Payments made to insurance companies for coverage that will benefit the period beyond September 30, 2003 are recorded as prepaid insurance.

Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed asset account group. Public domain or infrastructures are not capitalized. No construction period interest costs have been incurred and capitalized for the fiscal year ended September 30, 2003. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Compensated Absences

The authority follows Civil Service guidelines pertaining to the accumulation of vacation and sick leave. This leave may be accumulated and carried over between fiscal years, with a maximum of 300 hours of payment of leave upon termination or retirement. In addition, the Executive Director's employment contract allows him to accrue annual leave in excess of 300 hours to be paid upon retirement.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

Fund Equity

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly

NOTES TO FINANCIAL STATEMENTS (continued)

applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Total Columns on Combined Statements

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

NOTE 2 – EXPENDITURES - ACTUAL AND BUDGET

No funds had actual expenditures/expenses over budgeted expenditures/expenses for the year ended September 30, 2003.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2003, the authority had cash, cash equivalents and investments totaling \$651,995 as follows:

Demand deposits	\$ 269,536
Time deposits	<u>382,459</u>
Total	<u>651,995</u>

Investments consist of certificates of deposit with maturity dates of 180 days. These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2003, the authority has \$651,995 in deposits. These deposits are secured from risk by \$443,912 of federal deposit insurance and \$260,000 of pledged securities held by the custodial bank in the name of the fiscal agent banks (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, Louisiana Revised Statute 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 4 – RECEIVABLES

The receivables of \$5,918 at September 30, 2003, are as follows:

NOTES TO FINANCIAL STATEMENTS (continued)

<u>Class of Receivable</u>	<u>General Fund</u>
Local sources:	
Tenants	\$ 283
Other	2,305
Accrued interest	<u>3,330</u>
Total	5,918 =====

NOTE 5 – FIXED ASSETS

The changes in general fixed assets are as follows:

	<u>Balance Sept. 30, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2003</u>
Land	\$ 382,412	\$ ---	\$ ---	\$ 382,412
Buildings	6,383,514	294,052	---	6,677,566
Equipment	302,323	12,278	---	314,601
Construction in progress: Capital funding costs	13,000	314,601	327,601	---
	<u>7,081,249</u>	<u>620,931</u>	<u>327,601</u>	<u>7,374,579</u>
Total	<u>7,081,249</u>	<u>620,931</u>	<u>327,601</u>	<u>7,374,579</u>

NOTE 6 – RETIREMENT SYSTEMS

The authority participates in the Housing-Renewal and Local Agency Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through the plan, the authority provides pension benefits for all full-time employees. All eligible individuals must be employed for at least six months before participating in the plan. The authority has five employees participating as of September 30, 2003.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan and investment earnings. Benefits of the plan are funded by employee and employer contributions. Participants in the plan are currently required to make a monthly contribution of six percent of their basic compensation. The authority currently makes a monthly contribution equal to eight percent of each participant's basic compensation.

The employer contributions and earnings allocated to each participant's account are fully vested after one year of continuous service.

The authority's total payroll for the fiscal year ended September 30, 2003, was \$155,876. The authority's contributions were made based on the total covered payroll of \$151,229. The authority and the covered

NOTES TO FINANCIAL STATEMENTS (continued)

employees made the required contributions for the year ended September 30, 2003. The employee contributions totaled \$8,043 while the authority's contributions totaled \$12,210 for the year ended September 30, 2003.

NOTE 7 – ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$15,658 at September 30, 2003, are as follows:

<u>General Fund</u>	<u>Amount</u>
Accounts	\$ 7,314
Payroll taxes	754
Payments in lieu of taxes	<u>7,590</u>
Total	<u>15,658</u>

NOTE 8 – CHANGES DEPOSITS DUE OTHERS

A summary of changes in tenant security deposits is as follows:

	<u>Balance at Beginning Of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at End of Year</u>
Tenant security deposits	\$ 28,989	\$ 6,859	\$ 6,566	\$ 29,282

NOTE 9 – INTERFUND ASSETS/LIABILITIES

There were no interfund receivables/payables at September 30, 2003.

NOTE 10 – LITIGATION AND CLAIMS

At September 30, 2003, the authority was not involved in any lawsuits or aware of any claims against it.

NOTE 11 – COMPENSATED ABSENCES

At September 30, 2003, employees of the authority have accumulated and vested \$18,193 of employee

NOTES TO FINANCIAL STATEMENTS (continued)

leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded as payable from current available resources; therefore, the liability of \$18,193 is recorded in the general fund as a current liability.

EUNICE HOUSING AUTHORITY
Eunice, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2003

<u>Federal Grantor/ Program Title</u>	<u>CFDA No.</u>	<u>Grant ID No.</u>	<u>Federal Award Received</u>	<u>Program Expenditures</u>
U.S. Dept. of Housing And Urban Development				
Direct Programs:				
Low-Income HAP	14.850	FW-715	\$ 373,530	\$ 373,530
Capital Funding Programs:				
Program Year 2001	14.872	FW-715	243,417	243,417
Program Year 2002	14.872	FW-715	<u>37,700</u>	<u>37,700</u>
Total U.S. Dept. of Housing And Urban Development			<u>654,647</u>	<u>654,647</u>
Total federal assistance			<u>654,647</u>	<u>654,647</u>
Federal funds on hand at September 30, 2002		\$ -0-		
Grant amounts received		654,647		
Program expenditures		<u>654,647</u>		
Federal funds on hand at September 30, 2003		<u>-0-</u>		

RICHARD C. URBAN

CERTIFIED PUBLIC ACCOUNTANT

MEMBER:
AMERICAN INSTITUTE OF
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Eunice Housing Authority
Eunice, Louisiana

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FAX (337) 948-3813

Department of Housing and
Urban Development
New Orleans, Louisiana

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the Housing Authority of the City of Eunice, Louisiana, as of and for the year ended September 30, 2003, and have issued our report thereon dated February 16, 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.

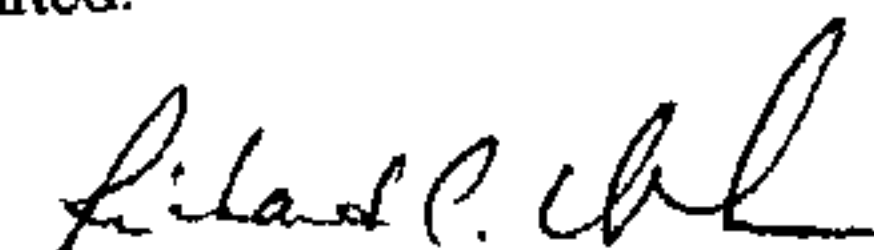
Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Eunice, Louisiana 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such as opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Eunice, Louisiana 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management in our schedule of findings and questioned costs.

This report is intended for the information of the Board of Commissioners, management, the Department of Housing and Urban Development, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



RICHARD C. URBAN, CPA

Opelousas, Louisiana
February 16, 2004

RICHARD C. URBAN

CERTIFIED PUBLIC ACCOUNTANT

MEMBER:
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Board of Commissioners
Eunice Housing Authority
Eunice, Louisiana

Department of Housing and
Urban Development
New Orleans, Louisiana

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

Compliance

We have audited the compliance of the Housing Authority of the City of Eunice, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2003. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority of the City of Eunice, Louisiana compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of the City of Eunice, Louisiana compliance with those requirements.

In our opinion, the Housing Authority of the City of Eunice, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the

risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over compliance that we have reported to management in our schedule of findings and questioned costs.

This report is intended for the information of the Board of Commissioners, management, the Department of Housing and Urban Development, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



RICHARD C. URBAN, CPA

Opelousas, Louisiana
February 16, 2004

EUNICE HOUSING AUTHORITY
Eunice, Louisiana

STATEMENT OF CAPITAL FUNDING COSTS –
UNCOMPLETED AT SEPTEMBER 30, 2003

Annual Contributions Contract FW-715

COMPREHENSIVE GRANT PROGRAM LA 48PO25-91201

Funds approved	\$ 279,399
Funds advanced	256,417
Funds expended	<u>256,417</u>
Excess of funds advanced over funds expended	<u>---</u>

COMPREHENSIVE GRANT PROGRAM LA 48PO25-91202

Funds approved	\$ 273,910
Funds advanced	37,700
Funds expended	<u>37,700</u>
Excess of funds advanced over funds expended	<u>---</u>

EUNICE HOUSING AUTHORITY
Eunice, Louisiana

STATUS OF PRIOR AUDIT FINDINGS

The previous audit contained no finding or questioned costs.

EUNICE HOUSING AUTHORITY
Eunice, Louisiana

FINDINGS AND QUESTIONED COSTS

The following have been identified as major federal programs for the year ended September 30, 2003.

Federal Grantor/Program Title	CFDA No.	Grant ID No.	Program Expenditures
U.S. Dept. of Housing And Urban Development:			
Low-income HAP	14.850	FW-715	\$ 373,530

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Housing Authority of the City of Eunice, Louisiana.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unqualified opinion.
6. No findings were found relative to the major federal award programs.
7. The threshold for determining type A and B programs was \$300,000.
8. The Housing Authority of the City of Eunice qualified as a low-risk auditee.

FINDINGS

Subsequent to the issuance of this report management discovered that an employee was making a large number of personal calls on the PHA's cell phone. Although the majority of these calls were made after October 1, 2003, several were made prior to the end of the fiscal year under audit. The fee accountant states that the total dollar amount of personal usage should be approximately \$1,100. Since a repayment schedule and agreement has been worked out with the PHA, the district attorney's office, and the employee, no charges will be filed. Once the total amount owed is known a receivable will be recorded and telephone expense will be adjusted accordingly.

The dollar amount involved in the fiscal year under audit appears minimal. No adjustment has been made to the financial statements for the year ended September 30, 2003.

We recommend that the PHA pay closer attention to the monthly charges before approving any payments. The Board of Commissioners or a representative thereof should thoroughly review all expenditures before approving any for payment.

Housing Authority
OF THE
City of Eunice
P.O. BOX 224 331 MILL STREET EUNICE, LA 70535



BOARD OF
COMMISSIONERS:
AUGUST COURVILLE, JR.
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KELLEY J. McFARLAIN, SR.
EXECUTIVE DIRECTOR

April 30, 2004

TELEPHONE (337) 457-7716
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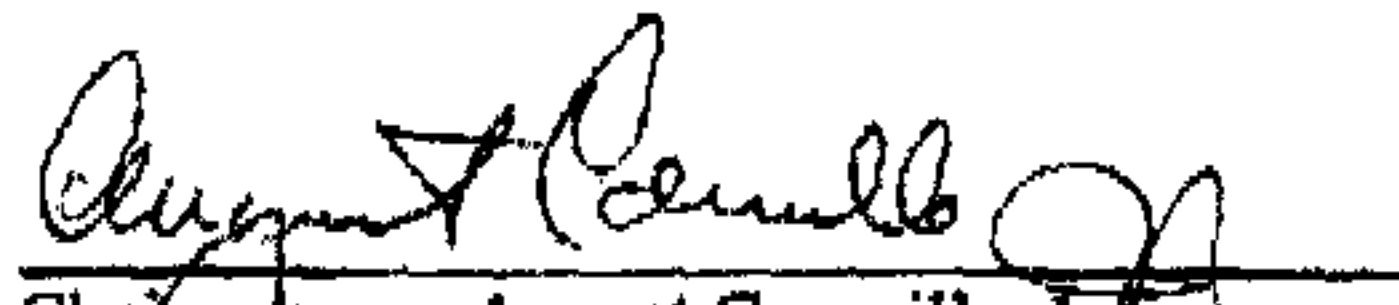
Richard C. Urban, CPA
1112 Heather Drive
Opelousas, LA 70570

RE: Management Response

This following is our response to your recommendation we received in the Housing Authority's Financial Statements as of September 20, 2003.

Employee's Personal Telephone Calls

A repayment schedule and agreement has been worked out with the PHA, the district attorney's office and the employee. In the future, we will pay closer attention to the monthly telephone charges and a representative of the Board of Commissioners will thoroughly review all expenditures before approving payment.


Chairperson - August Courville, Jr.


Executive Director - Kelley J. McFarlain, Sr.