

4034

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

**General-Purpose Financial Statements and  
Independent Auditor's Reports  
As of and for the Year Ended December 31, 2003  
With Supplemental Information Schedules**

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

**5150 Highway 22, Suite C-14  
MANDEVILLE, LOUISIANA 70471**

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.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
 Erath, Louisiana  
 General-Purpose Financial Statements  
 As of and for the Fiscal Year Ended December 31, 2003  
 With Supplemental Information Schedules

**CONTENTS**

|   | Exhibit  | Page     |
|---|----------|----------|
| <b>Independent Auditor's Report</b>   |          | <b>3</b> |
| <b>General-Purpose Financial Statements:</b><br><b>Proprietary Fund Type – Enterprise Funds:</b>  |          |          |
| Balance Sheet   | A        | 5        |
| Statement of Revenues, Expenses<br>and Changes in Retained Earnings   | B        | 6        |
| Statement of Cash Flows   | C        | 7        |
| Notes to the Financial Statements   |          | 8        |
|   | Schedule | Page     |
| <b>Other Reports and Schedules:</b>   |          |          |
| Independent Auditor's Report on Compliance and on Internal Control<br>Over Financial Reporting Based on an Audit of Financial Statements<br>Performed in Accordance with <u>Government Auditing Standards</u> |          | 15       |
| Schedule of Expenditures of Federal Awards  | 1        | 17       |
| Schedule of Prior Audit Findings  | 2        | 18       |
| Schedule of Current Year Findings and Questioned Costs  | 3        | 20       |
| Corrective Action Plan for Current Year Audit Findings  | 4        | 23       |
| Financial Data Schedule   | 5        | 24       |

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

---

Telephone 885-845-7772  
Fax 885-845-1212  
E-mail [dmccoy@highperformer.net](mailto:dmccoy@highperformer.net)

Member of  
Louisiana Society of CPA's  
Mississippi Society of CPA's  
American Institute of CPA's

**INDEPENDENT AUDITOR'S REPORT**

**Board of Commissioners  
Housing Authority of the Town of Erath  
Erath, Louisiana**

I have audited the accompanying general-purpose financial statements of the Housing Authority of the Town of Erath as of and for the year ended December 31, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

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

In my opinion, the general-purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the Town of Erath as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year ended in conformity with U.S. generally accepted accounting principles.

**HOUSING AUTHORITY OF THE TOWN OF BRATH**

Brath, Louisiana

Independent Auditor's Report, 2003

Page Two

In accordance with Government Auditing Standards, I have also issued a report dated June 15, 2004 on my consideration of the authority's internal control over financial reporting and my tests of its compliance with certain 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 my audit.

My audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the authority taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. The accompanying Financial Data Schedule, required by HUD, is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

  
Signature Field

**William Daniel McCaskill, CPA,**  
**APAC**



Entity signed by William Daniel  
McCaskill, CPA, APAC  
On 06/15/2004 11:00 AM  
C:\APAC\0303  
Date: 2004.06.15 11:00 AM -0500

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

June 15, 2004

**Exhibit A**

**HOUSING AUTHORITY OF THE TOWN OF EBURTH**  
 Ebnat, Louisiana  
 Proprietary Fund Type - Enterprise Fund - Balance Sheet  
 As of December 31, 2023

**Assets**

|  |                           |
|--|---------------------------|
| <b>Current Assets:</b>   |                           |
| Cash and Cash Equivalents                                      | \$ 144,086                |
| Accounts Receivable - HUD Other Projects                       | 100,000                   |
| Accounts Receivable - Tenants Dwelling Points                  | 240                       |
| Prepaid Expenses   | 17,594                    |
| Intergovernmental Due From                                     | 33,780                    |
| <b>Total Current Assets</b>                                    | <u>295,700</u>            |
| <b>Restricted Assets:</b>                                      |                           |
| Cash and cash equivalents                                      | 5,000                     |
| <b>Total Restricted Assets</b>                                 | <u>5,000</u>              |
| <b>Fixed Assets, Net of Accumulated Depreciation:</b>          |                           |
| Land   | 87,787                    |
| Buildings  | 2,840,880                 |
| Furniture, Equipment & Machinery - Administration              | 27,200                    |
| Leasehold Improvements   | 240,704                   |
| Accumulated Depreciation                                       | (2,428,788)               |
| Construction In Progress                                       | 247,878                   |
| <b>Total Fixed Assets, Net of Accumulated Depreciation</b>     | <u>881,061</u>            |
| <b>Total Assets</b>  | <u><b>\$1,286,401</b></u> |
| <b>Current Liabilities (payable from current assets):</b>      |                           |
| Accounts Payable - Vendors                                     | \$ 6,218                  |
| Accounts Payable - Other Governments                           | 2,000                     |
| Accrued Wages and Payroll Taxes Payable                        | 488                       |
| Accrued Compensated Absences - Current                         | 8,000                     |
| Other Current Liabilities                                      | 500                       |
| Intergovernmental Due To                                       | 31,798                    |
| <b>Total Current Liabilities (payable from current assets)</b> | <u>49,004</u>             |
| <b>Current Liabilities (payable from restricted assets):</b>   |                           |
| Tenant Security Deposits                                       | 8,000                     |
| <b>Total Liabilities</b>                                       | <u>57,004</u>             |
| <b>Equity:</b>   |                           |
| Contributed Capital  | 600,000                   |
| Retained Earnings  | 619,000                   |
| <b>Total Equity</b>  | <u>1,219,000</u>          |
| <b>Total Liabilities and Equity</b>                            | <u><b>\$1,286,401</b></u> |

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

**HOUSING AUTHORITY OF THE TOWN OF BRATH**  
 Brath, Louisiana  
 Proprietary Fund Type – Enterprise Fund -  
 Statement of Revenues, Expenses, and Changes in Retained Earnings  
 For Fiscal Year Ended December 31, 2021

|  |                   |
|--|-------------------|
| <b>Operating Revenues:</b>                         |                   |
| Net Tenant Rental Revenue                          | \$ 171,790        |
| Federal Grants                                     | 125,888           |
| Total Operating Revenues                           | <u>297,678</u>    |
| <b>Operating Expenses:</b>                         |                   |
| Administrative Expenses                            | 110,590           |
| Tenant Services                                    | 285               |
| Utilities  | 5,212             |
| Ordinary Maintenance & Operation                   | 98,581            |
| General Expenses                                   | 21,908            |
| Extraordinary Maintenance & Operation              | 12,493            |
| Depreciation Expense                               | 80,999            |
| Total Operating Expenses                           | <u>353,258</u>    |
| Operating Loss                                     | <u>(55,580)</u>   |
| <b>Non-Operating Revenues</b>                      |                   |
| Federal Grants                                     | 134,100           |
| Interest Income                                    | 3,433             |
| Other Revenues                                     | 1,544             |
| Total Non-Operating Revenues                       | <u>139,077</u>    |
| Net Income   | 83,497            |
| Increase in Retained Earnings                      | 83,497            |
| Retained Earnings at Beginning of Year             | 482,210           |
| Prior Period Adjustments and Corrections of Errors | <u>89,493</u>     |
| Retained Earnings at End of Year                   | <u>\$ 655,200</u> |

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

Exhibit C

**HOUSING AUTHORITY OF THE TOWN OF ERATE**  
 Erath, Louisiana  
 Proprietary Fund Type - Enterprise Fund - Statement of Cash Flows  
 For Fiscal Year Ended December 31, 2020

|   |                   |
|---|-------------------|
| <b>Cash flows from operating activities:</b>  |                   |
| Operating Loss  | \$ (78,763)       |
| Adjustments to reconcile operating loss to net cash provided by operating activities: |                   |
| Depreciation  | 32,889            |
| Decrease in Accounts Receivable - Other   | 1,181             |
| Increase in Accounts Receivable - HUD-Other Projects                                  | (74,235)          |
| Decrease in Accounts Receivable - Miscellaneous                                       | 1,385             |
| Decrease in Accounts Receivable - Tenants Dwelling Units, net                         | 225               |
| Increase in Prepaid Expenses  | (4,481)           |
| Increase Inventories  | (2,034)           |
| Increase in Accounts Payable - Vendors  | 5,683             |
| Decrease in Accounts Payable - Other Governments                                      | (2,081)           |
| Increase in Accrued Wages and Payroll Taxes Payable                                   | 489               |
| Increase in Accrued Compensation Allowances   | 787               |
| Increase in Tenant Security Deposits  | 58                |
| Increase in Other Current Liabilities   | 388               |
| Net cash used by operating activities   | <u>(125,152)</u>  |
| <b>Cash flows from noncapital financing activities:</b>                               |                   |
| Other receipts  | 1,344             |
|   | <u>1,344</u>      |
| <b>Cash flows from capital and related financing activities:</b>                      |                   |
| Payments to acquire, construct, or improve capital assets                             | (154,357)         |
| Proceeds from federal capital grants  | 400,877           |
| Net cash used by capital and related financing activities                             | <u>(153,480)</u>  |
| <b>Cash flow from investing activities:</b>   |                   |
| Investment income (interest income)   | 3,452             |
| Net cash provided by investing activities   | <u>3,452</u>      |
| <b>Net decrease in cash and cash equivalents</b>                                      | <b>(125,077)</b>  |
| <b>Cash and cash equivalents at beginning of year</b>                                 | <u>262,492</u>    |
| <b>Cash and cash equivalents at end of year</b>                                       | <u>\$ 137,415</u> |

There were no noncash investing, capital or financing transactions.

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

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
Erath, Louisiana  
Notes to the Financial Statements  
For Fiscal Year Ended December 31, 2003

The Public Housing Authority (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Erath, Louisiana. This creation was contingent upon the approval of the local governing body of the Town. A five member Board of Commissioners governs the authority. The members, appointed by the Town of Erath Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the authority for the purpose of assisting the authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the authority for the purpose of maintaining this low rent character.

At December 31, 2003, the authority was managing a Low Rent Public Housing Program and a Capital Fund Program.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(1) Basis of Presentation**

The accompanying financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The authority also applies all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.



## HOUSING AUTHORITY OF THE TOWN OF ERATH

Erath, Louisiana

Notes to the Financial Statements - continued

For Fiscal Year Ended December 31, 2003

### (2) Financial Reporting Entity

GASB Codification Section 2100 defines criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the authority is legally separate and fiscally independent, the authority is a separate governmental reporting entity.

The authority is a related organization of the Town of Erath, Louisiana since the Town appoints a voting majority of the authority's governing board. The Town 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 Town. Accordingly, the authority is not a component unit of the financial reporting entity of the Town.

The financial statements include all funds and activities that are within the oversight responsibility of the authority.

GASB Codification Section 2100 defines criteria for determining which component units should be considered part of the authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the authority to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the authority.
2. Organizations for which the authority does not appoint a voting majority, but are fiscally dependent on the authority.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The authority has no component units.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
Erath, Louisiana  
Notes to the Financial Statements, 2008 – Continued

**(3) Fund Accounting**

The authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

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

**(4) Basis of Accounting**

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

**(5) Budgetary Data**

The authority is required by its HUD Annual Contributions Contract to adopt an annual budget for the Low Rent Housing Program. Annual budgets are not required for modernization grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

**(6) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(7) Cash and Cash Equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in certificates of deposits and those investments with original maturities of 90 days or less. Under state law, the authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**HOUSING AUTHORITY OF THE TOWN OF ERAITH**  
Eraith, Louisiana  
Notes to the Financial Statements, 2003 - Continued

**(9) Investments**

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

**(9) Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses generally consist of prepaid insurance.

**(10) Fixed Assets**

Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value) using the straight-line method. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization limit is \$5,000. Estimated useful lives, in years, for depreciable assets are as follows:

|                        |           |
|------------------------|-----------|
| Buildings              | 20 Years  |
| Building Improvements  | 20 Years  |
| Leasehold Improvements | 10 Years  |
| Equipment              | 3-7 Years |

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

**(11) Compensated Absences**

Depending on their length of service, employees earn between 44 to 88 hours of annual leave and sick leave. Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned.

HOUSING AUTHORITY OF THE TOWN OF ERATH  
 Erath, Louisiana  
 Notes to the Financial Statements, 2003 – Continued

NOTE B – CASH AND CASH EQUIVALENTS

At December 31, 2003, the authority has cash and cash equivalents (bank balances) totaling \$153,418 as follows:

|                                  |                  |
|----------------------------------|------------------|
| Interest-bearing demand deposits | \$ 90,768        |
| Time deposits                    | 61,548           |
| Other                            | 672              |
| Total                            | <u>\$153,418</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the authority has \$157,835 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

|                 |                  |
|-----------------|------------------|
| GASB Category 1 | \$157,835        |
| GASB Category 2 | -                |
| GASB Category 3 | -                |
|                 | <u>\$157,835</u> |

NOTE C – FIXED ASSETS

The following is a summary of fixed assets:

|                          |                    |
|--------------------------|--------------------|
| Land                     | \$ 57,767          |
| Buildings                | 3,948,580          |
| Furniture and Equipment: | 37,233             |
| Administration           |                    |
| Leasehold Improvements   | 348,744            |
| Construction in progress | 347,578            |
| Total                    | <u>3,513,820</u>   |
| Accumulated depreciation | <u>(2,528,786)</u> |
| Net fixed assets         | <u>\$ 685,281</u>  |

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
Erath, Louisiana  
Notes to the Financial Statements, 2003 – Continued

**NOTE D - RETIREMENT PLAN**

The authority provides a Simplified Employee Pension whereby the employer agrees to provide discretionary contributions to the individual retirement accounts (IRAs) of its eligible employees. During the year the authority contributed \$3,126 to employee IRAs.

**NOTE E - COMPENSATED ABSENCES**

At December 31, 2003, employees of the authority have accumulated and vested \$8,202 of employee leave benefits, which is presented as a current liability of the appropriate fund in the balance sheet. The long-term portion of the liability is considered immaterial and has not been reclassified to long-term liabilities. Except as discussed above, the liability has been computed in accordance with GASB Codification Section 060.

**NOTE F - PRIOR PERIOD ADJUSTMENTS AND CORRECTIONS OF ERRORS**

The Low Rent Program reported \$322,623 in adjustments to fixed assets, accumulated depreciation, account coding errors and to write off an old unconfirmed accounts payable. The total Low Rent adjustment of \$322,623 had an overall effect on contributed capital and retained earnings of \$253,156 and \$69,467 respectively.

**NOTE G - RISK MANAGEMENT**

The authority is exposed to all common perils associated with the ownership and rental of real estate properties. To minimize loss occurrence and to transfer risk, the authority carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

HOUSING AUTHORITY OF THE TOWN OF ERATH  
Erath, Louisiana  
Notes to the Financial Statements, 2003 – Continued

**NOTE H – FEDERAL COMPLIANCE CONTINGENCIES**

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

## **William Daniel McCaskill, CPA**

**A Professional Accounting Corporation  
5150 Highway 22, Suite C-14  
Mandeville, Louisiana 70471**

Telephone 855-845-1772  
Fax 855-845-1918  
E-mail [danny@highperformer.net](mailto:danny@highperformer.net)

Member of  
Louisiana Society of CPA's  
Mississippi Society of CPA's  
American Institute of CPA's

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE 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 Erath  
Erath, Louisiana**

I have audited the financial statements of the Housing Authority of the Town of Erath (the authority), as of and for the year ended December 31, 2003 and have issued my report thereon dated June 15, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed three instances of noncompliance that are required to be reported under Government Auditing Standards.

#### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted

**HOUSING AUTHORITY OF THE TOWN OF ERAITH**

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

certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-1, 2003-2 and 2003-3.

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 the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider items 2003-1, 2003-2 and 2003-3 to be material weaknesses.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 34:513, this report is distributed by the Legislative Auditor as a public document.

  
Signature field

**William Daniel McCaskill, CPA,**  
**APAC**

HOUSING AUTHORITY OF TOWN OF ERAITH  
W.D. McCaskill, CPA, APAC  
City of Erath, Louisiana  
CPA, APAC, LMA  
Date: 06/15/04 File: 0304-0002

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

June 15, 2004



## SCHEDULE I

**HOUSING AUTHORITY OF THE TOWN OF BRATH**  
**Brath, Louisiana**  
**Schedule of Expenditures of Federal Awards**  
**For Fiscal Year Ended December 31, 2003**

| <i>Federal Grant/Pass-through Number/<br/>Program or Cluster Title</i> | <i>CFDA #</i> | <i>Federal<br/>Expenditures</i> |
|--|---------------|---------------------------------|
| <b>U.S. Department of Housing and Urban Development:</b>               |               |                                 |
| <b>Direct Programs:</b>  |               |                                 |
| Low Rent Public Housing  | 14.000a       | \$ 135,664                      |
| Public Housing Capital Fund Program                                    | 14.072        | 134,210                         |
| <b>Total Federal Expenditures:</b>                                     |               | <u><u>\$ 269,874</u></u>        |

See accompanying notes to schedule of expenditures of federal awards.

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

Notes to the Schedule of Expenditures of Federal Awards  
Fiscal Year Ended December 31, 2003

**NOTE A—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the housing authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
Erath, Louisiana

Schedule of Prior Year Audit Findings  
Fiscal Year Ended December 31, 2003

**Finding 2002-1:**

Program: Low Rent Public Housing

Condition: The authority could not provide sufficient evidence to support land, buildings, leasehold improvements, and accumulated depreciation stated as \$57,757, \$3,283,666, \$359,031, and \$(3,243,160), respectively.

**Current Status –**

The finding is closed.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
Erath, Louisiana

Schedule of Current Audit Findings and Questioned Costs  
Fiscal Year Ended December 31, 2003

**Summary Schedule of Auditor's Results:**

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the authority.
2. Three reportable conditions disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards. Three of the conditions are reported as material weaknesses.
3. Three instances of noncompliance material to the financial statements of authority, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

**FINDINGS**

**Finding 2003-1**

**Condition**—PHA staff properly procured the services of a contractor for a certain amount of work. However, subsequently PHA staff hired the same contractor to do work totaling \$23,376 without proper procurement.

**Criteria**—The Louisiana Public Bid Law, HUD regulations and the PHA's policy require the PHA to advertise for sealed bids for such purchases.

**Cause**—The cause of this is unclear.

**Effect**—PHA staff violated the PHA's procurement policy, State law and Federal regulation in this procurement.

**Recommendation**— I recommend that the authority properly procure all services.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
Erath, LouisianaSchedule of Current Audit Findings and Questioned Costs (Continued)  
Fiscal Year Ended December 31, 2003**FINDING 5663-2**

**Condition**—The PHA draw down CFP monies from HUD but did not expend all of it within 3 working days of receipt. During the course of this program grant, the PHA draw down funds from HUD using the original budget line item coding even though the corresponding expenditures were coded to other expense line items. The amount of funds coded to the incorrect revenue/expenditure related accounts was \$40,246.

**Criteria**—Federal regulation for the CFP program requires the PHA to disburse monies drawn down under the CFP program within 3 working days of receipt. The PHA should draw down funds from HUD for approved budget codes only. Grant requirements include maintaining proper accounting records to track grant revenues and expenditures by program and grant year.

**Cause**—PHA staff was not aware of this Federal requirement. The authority lacks internal controls to ensure adequate records are maintained. The expense/revenue coding issue was caused by the PHA either not amending the budget in HUD's data base during the program grant rather than doing so at the end of the grant, or PHA staff not realizing that they could code draws to line items that did not have adequate budget amounts then revising the budget at the end of the program.

**Effect**—The PHA violated the cash management and allowable cost regulations that apply to this program.

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

**Recommendation**—I recommend that PHA staff attend CFP program training.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
Erath, LouisianaSchedule of Current Audit Findings and Questioned Costs (Continued)  
Fiscal Year Ended December 31, 2003**Finding 2003-3**

Condition— The PHA overspent the Low Rent budget by 21% and 22% in category specific amounts. The PHA could not document that it performed any budget to actual comparisons.

Category overruns were as follows:

|                                     |          |
|-------------------------------------|----------|
| Administrative                      | \$19,035 |
| Ordinary Maintenance and operations | \$10,760 |

Criteria— Proper internal control procedures include monitoring the budget and amending the budget when it becomes apparent that actual revenues will be significantly lower than budgeted and actual expenses will be significantly higher than budgeted.

Cause—The cause of this is unclear.

Effect— The authority did not properly manage available funds.

Recommendation— I recommend that the PHA perform and document monthly budget to actual comparisons and take necessary action to prevent budget overruns.

## HOUSING AUTHORITY OF THE TOWN OF ERATH

Erath, Louisiana

Corrective Action Plan for Current Year Findings  
For Fiscal Year Ended December 31, 2003

### FINDING 2003-1

Person Responsible—Hazel Hebert

Anticipated Completion Date—June 15, 2004

Action Planned—From this day on we will ensure that all procurement actions follow the PHA's procurement policy, State law and Federal regulation.

### FINDING 2003-2

Person Responsible—Hazel Hebert

Anticipated Completion Date—June 15, 2004

Action Planned—For all future CFP transactions we will ensure that all monies drawn down are disbursed within 3 working days of receipt. The PHA will implement a subsidiary ledger system immediately. The PHA will insure that the general ledger and subsidiary ledgers are maintained properly and that the grant expenditures will be properly coded and drawn in accordance with the approved budget.

### Finding 2003-3

Person Responsible—Hazel Hebert

Anticipated Completion Date—June 15, 2004

Action Planned— The PHA will perform and document monthly budget to actual comparisons and will take necessary action to prevent budget overruns.

**FINANCIAL STATEMENTS OF THE TOWN OF BRANT**  
**Brant, Louisiana**  
**Financial Data (Schedule)**  
**For Fiscal Year Ended December 31, 2003**

CONTINUED

| Line Item Number   | Account Description | Line Fund Funding | Capital        | Total            |
|--|---------------------|-------------------|----------------|------------------|
| 101 Cash - unrestricted  |                     | \$ 140,000        | \$ -           | \$ 140,000       |
| 102 Cash - interest security deposits                                |                     | 8,200             | -              | 8,200            |
| <b>100 Total Cash</b>  |                     | <b>148,200</b>    | <b>-</b>       | <b>148,200</b>   |
| 103 Accounts receivable - other projects                             |                     | 14,100            | 50,700         | 100,000          |
| 104 Accounts receivable - tenants - dwelling units                   |                     | 240               | -              | 240              |
| 104.1 Allowance for doubtful accounts - dwelling units               |                     | -                 | -              | -                |
| <b>100 Total Receivables, net of allowance for doubtful accounts</b> |                     | <b>14,340</b>     | <b>50,700</b>  | <b>100,040</b>   |
| 105 Prepaid expenses and other assets                                |                     | 17,844            | -              | 17,844           |
| 106 Interprogram - due from  |                     | 33,700            | -              | 33,700           |
| <b>100 Total Current Assets</b>                                      |                     | <b>234,684</b>    | <b>50,700</b>  | <b>285,384</b>   |
| 101 Land   |                     | 37,707            | -              | 37,707           |
| 102 Buildings  |                     | 2,040,000         | -              | 2,040,000        |
| 103 Furniture, equipment, and machinery - administration             |                     | 37,100            | -              | 37,100           |
| 104 Leasedhold improvements  |                     | 240,144           | -              | 240,144          |
| 105 Accumulated depreciation   |                     | (1,138,700)       | -              | (1,138,700)      |
| 107 Construction in progress   |                     | -                 | 207,270        | 207,270          |
| <b>100 Total fixed assets, net of accumulated depreciation</b>       |                     | <b>1,276,251</b>  | <b>207,270</b> | <b>1,483,521</b> |
| <b>100 Total Assets</b>  |                     | <b>461,000</b>    | <b>258,670</b> | <b>719,670</b>   |
| 201 Accounts payable - 30 days                                       |                     | 5,170             | -              | 5,170            |
| 202 Accounts payable/short term payable                              |                     | 400               | -              | 400              |
| 203 Annual compensated absences                                      |                     | 8,200             | -              | 8,200            |
| 204 Accounts payable - other government                              |                     | 2,000             | -              | 2,000            |
| 205 Tenant security deposits   |                     | 5,030             | -              | 5,030            |
| 206 Other current liabilities  |                     | 600               | -              | 600              |
| 207 Accounts liabilities - other                                     |                     | -                 | -              | -                |
| 207 Interprogram - due to  |                     | -                 | 33,700         | 33,700           |
| <b>200 Total Current Liabilities</b>                                 |                     | <b>32,000</b>     | <b>33,700</b>  | <b>65,700</b>    |
| <b>200 Total Liabilities</b>   |                     | <b>32,000</b>     | <b>33,700</b>  | <b>65,700</b>    |
| 304 Net PLO PIR contributions  |                     | 600,000           | -              | 600,000          |
| <b>300 Total Government Capital</b>                                  |                     | <b>600,000</b>    | <b>-</b>       | <b>600,000</b>   |
| 402 Unexpended fund balance/retained earnings                        |                     | 367,440           | 247,970        | 615,410          |
| <b>400 Total Equity</b>  |                     | <b>967,440</b>    | <b>247,970</b> | <b>1,215,410</b> |
| <b>400 Total Liabilities and Equity</b>                              |                     | <b>1,041,000</b>  | <b>285,670</b> | <b>1,326,670</b> |



**HOUSING AUTHORITY OF THE TOWN OF SOUTH  
WEST, CONNECTICUT  
Financial Data Schedule  
For Fiscal Year Ended December 31, 2020**

**SCHEDULE 5**

| Line<br>Item<br>Number           | Account Description   | Current<br>Fiscal<br>Year | Capital        | Total          |
|----------------------------------|---|---------------------------|----------------|----------------|
| 100                              | Management fees received  | 11,794                    | -              | 11,794         |
| <b>100</b>                       | <b>Net asset income</b>   | <b>11,794</b>             | <b>-</b>       | <b>11,794</b>  |
| 100                              | HUD-PHA grants  | 124,884                   | -              | 124,884        |
| 100 1                            | Capital grants  | -                         | 124,884        | 124,884        |
| 2 11                             | Investment income - unrestricted                                | 1,453                     | -              | 1,453          |
| 1 15                             | Other income  | 1,244                     | -              | 1,244          |
| <b>100 000</b>                   | <b>Total Operating</b>  | <b>249,375</b>            | <b>124,884</b> | <b>374,259</b> |
| <b>Administrative</b>            |   |                           |                |                |
| 1 11                             | Administrative salaries   | 51,439                    | -              | 51,439         |
| 1 12                             | Auditing fees   | 1,140                     | -              | 1,140          |
| 1 13                             | Outside management fees   | -                         | -              | -              |
| 1 14                             | Compensated advisors  | 787                       | -              | 787            |
| 1 15                             | Employee benefit contributions - administrative                 | 11,415                    | -              | 11,415         |
| 1 16                             | Other operating - administrative                                | 23,778                    | -              | 23,778         |
|                                  | Travel services   | -                         | -              | -              |
| 1 17                             | Security services - other                                       | 268                       | -              | 268            |
|                                  | Utilities   | -                         | -              | -              |
| 1 11                             | Telephone   | 600                       | -              | 600            |
| 1 12                             | Electricity   | 1,778                     | -              | 1,778          |
| 1 13                             | Gas   | 643                       | -              | 643            |
| 1 14                             | Other utility services  | 143                       | -              | 143            |
|                                  | Ordinary Maintenance and Repairs:                               | -                         | -              | -              |
| 1 11                             | Ordinary maintenance and operations - labor                     | 21,660                    | -              | 21,660         |
| 1 12                             | Ordinary maintenance and operations - materials and other       | 86,875                    | -              | 86,875         |
| 1 13                             | Ordinary maintenance and operations - contractors               | 1,118                     | -              | 1,118          |
|                                  | General Expenses:   | -                         | -              | -              |
| 1 11                             | Insurance premiums  | 20,363                    | -              | 20,363         |
| 1 12                             | Payments in lieu of taxes                                       | 1,873                     | -              | 1,873          |
| 1 14                             | Depreciation - special use                                      | 171                       | -              | 171            |
| <b>100 000</b>                   | <b>Total Operating Expenses</b>                                 | <b>229,475</b>            | <b>-</b>       | <b>229,475</b> |
| <b>100 000</b>                   | <b>Net Operating Balance Over Operating Expenses</b>            | <b>119,900</b>            | <b>124,884</b> | <b>244,784</b> |
|                                  | 1 11 Extraordinary maintenance                                  | 13,413                    | -              | 13,413         |
| 1 14                             | Depreciation expense  | 50,899                    | -              | 50,899         |
| <b>100 000</b>                   | <b>Total Expenses</b>   | <b>64,312</b>             | <b>-</b>       | <b>64,312</b>  |
| <b>100 000</b>                   | <b>Final Operating Balance Over Operating Expenses</b>          | <b>155,588</b>            | <b>124,884</b> | <b>280,472</b> |
| <b>(100) ACCOUNT INFORMATION</b> |   |                           |                |                |
| 1 101                            | Beginning equity  | 141,884                   | 113,750        | 255,634        |
| 1 104                            | Plus/minus adjustments, equity transfers, and creation of items | 125,613                   | -              | 125,613        |
| 1 120                            | Less/minus Accounts   | 699                       | -              | 699            |
| 1 121                            | Number of unit transactions                                     | 694                       | -              | 694            |