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**Housing Authority of the
VILLAGE OF FENTON**
Fenton, 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.

Release Date

8/18/04

HOUSING AUTHORITY OF THE VILLAGE OF FENTON
 Fenton, Louisiana
 General-Purpose Financial Statements
 As of and for the Fiscal Year Ended December 31, 2003
 With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Village of Fenton
Fenton, Louisiana

I have audited the accompanying general-purpose financial statements of the Housing Authority of the Village of Fenton 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 Village of Fenton as of December 31, 2003, and the results of its operations and the cash flows of its propriety fund types for the year ended in conformity with U.S. generally accepted accounting principles.

HOUSING AUTHORITY OF THE VILLAGE OF FENTON

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

In accordance with Government Auditing Standards, I have also issued a report dated July 29, 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 Federal Awards Schedule, 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 also presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. *Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.*

William Daniel
McCaskill, CPA, APAC

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William Daniel McCaskill, CPA
A Professional Accounting Corporation
July 29, 2004

Exhibit A

HOUSING AUTHORITY OF THE VILLAGE OF FENTON
Fenton, Louisiana
Proprietary Fund Type - Enterprise Fund - Balance Sheet
As of December 31, 2003

Assets

Current Assets:

Cash and Cash Equivalents	\$ 8,538
Accounts Receivable - HUD Other Projects	3,262
Accounts Receivable - Miscellaneous	3,983
Accounts Receivable - Tenants Dwelling Rents	242
Allowance for Doubtful Accounts - Dwelling Rents	(148)
Allowance for Doubtful Accounts - Other	(3,983)
Prepaid Expenses	10,244
Interprogram Due From	3,262
Total Current Assets	<u>25,400</u>

Restricted Assets:

Cash and cash equivalents	5,922
Total Restricted Assets	<u>5,922</u>

Fixed Assets, Net of Accumulated Depreciation:

Land	29,049
Buildings	1,305,415
Furniture, Equipment & Machinery - Dwellings	21,574
Furniture, Equipment & Machinery - Administration	54,015
Leasehold Improvements	416,306
Accumulated Depreciation	(594,766)
Total Fixed Assets, Net of Accumulated Depreciation	<u>1,231,593</u>

Total Assets

\$ 1,262,915

Current Liabilities (payable from current assets):

Accounts Payable - Vendors	\$ 1,029
Interprogram Due To	3,262
Total Current Liabilities (payable from current assets)	<u>4,291</u>

Current Liabilities (payable from restricted assets):

Tenant Security Deposits	<u>5,922</u>
--------------------------	--------------

Total Liabilities

10,213

Equity:

Contributed Capital	1,179,944
Retained Earnings	72,758
Total Equity	<u>1,252,702</u>

Total Liabilities and Equity

\$ 1,262,915

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

HOUSING AUTHORITY OF THE VILLAGE OF FENTON
 Fenton, Louisiana
 Proprietary Fund Type - Enterprise Fund -
 Statement of Revenues, Expenses, and Changes in Retained Earnings
 For Fiscal Year Ended December 31, 2003

Operating Revenues:	
Net Tenant Rental Revenue	\$ 37,024
Tenant Revenue - Other	1,528
Federal Grants	<u>38,896</u>
Total Operating Revenues	<u>77,448</u>
Operating Expenses:	
Administrative Expenses	32,833
Utilities	1,828
Ordinary Maintenance & Operation	47,999
General Expenses	3,894
Extraordinary Maintenance & Operation	300
Depreciation Expense	<u>80,949</u>
Total Operating Expenses	<u>167,803</u>
Operating Loss	<u>(90,355)</u>
Non-operating Revenues (Expenses)	
Federal Grants	37,301
Gain (Loss) on Sale of Fixed Assets	(374)
Other Revenue	25
Total Non-operating Revenues (Expenses)	<u>36,952</u>
Net Loss	(53,403)
Retained Earnings at Beginning of Year	124,614
Prior Period Adjustments and Corrections of Errors	<u>1,547</u>
Retained Earnings at End of Year	<u>\$ 72,758</u>

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

Exhibit C

HOUSING AUTHORITY OF THE VILLAGE OF FENTON
 Fenton, Louisiana
 Proprietary Fund Type - Enterprise Fund - Statement of Cash Flows
 For Fiscal Year Ended December 31, 2003

Cash flows from operating activities:	
Operating Loss	\$ (90,355)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	80,949
Decrease in Accounts Receivable - Tenants Dwelling Rents, net	1,594
Increase in Prepaid Expenses	(10,244)
Decrease in Inventories	1,977
Decrease in Bank Overdraft	(3,524)
Increase in Accounts Payable - Vendors	1,029
Increase in Tenant Security Deposits	425
Net cash used by operating activities	<u>(18,149)</u>
Cash flows from noncapital financing activities	
Other receipts	<u>25</u>
Cash flows from capital and related financing activities:	
Payments to acquire, construct, or improve capital assets	(22,483)
Proceeds from federal capital grants	55,441
Loss on sale of fixed assets	(374)
Net cash provided by capital and related financing activities	<u>32,584</u>
Net increase in cash and cash equivalents	14,460
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 14,460</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 VILLAGE OF FENTON

Fenton, 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 Fenton, Louisiana. This creation was contingent upon the approval of the local governing body of the Village. A five member Board of Commissioners governs the authority. The members, appointed by the Village of Fenton 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 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 VILLAGE OF FENTON

Fenton, Louisiana

Notes to the Financial Statements, 2003 – Continued

(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 Village of Fenton, Louisiana since the Village appoints a voting majority of the authority's governing board. The Village 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 Village. Accordingly, the authority is not a component unit of the financial reporting entity of the Village.

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

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

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the authority to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the authority.
2. Organizations for which the authority does not appoint a voting majority, but are fiscally dependent on the authority.

HOUSING AUTHORITY OF THE VILLAGE OF FENTON

Fenton, Louisiana

Notes to the Financial Statements, 2003 – Continued

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.

(3) Fund Accounting

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

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

(4) Basis of Accounting

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

(5) Use of Estimates

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

(6) Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in certificates of deposits and those investments with original maturities of 90 days or less.

Under state law, the authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state

HOUSING AUTHORITY OF THE VILLAGE OF FENTON

Fenton, Louisiana

Notes to the Financial Statements, 2003 – Continued

banks organized under Louisiana law and national banks having principal offices in Louisiana.

(7) Investments

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

(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 \$300. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	33 Years
Building improvements	15 Years
Leasehold improvements	15 Years
Equipment	3-7 Years

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

NOTE B – CASH AND CASH EQUIVALENTS

See Note A for discussion of policies related to cash and cash equivalents. At December 31, 2003, the authority has cash and cash equivalents (book balances) totaling \$14,460 in demand deposits.

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

HOUSING AUTHORITY OF THE VILLAGE OF FENTON

Fenton, Louisiana

Notes to the Financial Statements, 2003 – Continued

custodial bank that is mutually acceptable to both parties. At December 31, 2003, the authority has \$15,273 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

GASB Category 1	\$15,273
GASB Category 2	-
GASB Category 3	-
Total	<u>\$15,273</u>

NOTE C – FIXED ASSETS

The following is a summary of fixed assets:

Land	\$29,049
Buildings	1,305,415
Furniture and Equipment:	
Dwellings	21,574
Administration	54,015
Leasehold Improvements	416,306
Total	<u>\$1,826,359</u>
Accumulated depreciation	<u>(594,766)</u>
Net fixed assets	<u>\$1,231,593</u>

NOTE D – PRIOR PERIOD ADJUSTMENTS AND CORRECTIONS OF ERRORS

The Capital Fund Program - miscellaneous supplies of \$223 were erroneously classified as fixed assets in the prior year. A computer costing \$1,770 was erroneously expensed rather than capitalized.

NOTE E – 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 VILLAGE OF FENTON

Fenton, Louisiana

Notes to the Financial Statements, 2003 – Continued

NOTE F – 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.

**HOUSING AUTHORITY OF THE
VILLAGE OF FENTON**

Fenton, Louisiana

Schedule of Compensation paid Board Members
Fiscal Year Ended December 31, 2003

Board Members serve without compensation.

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**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 Village of Fenton
Fenton, Louisiana

I have audited the general purpose financial statements of the Housing Authority of the Village of Fenton (the authority), as of and for the year ended December 31, 2003 and have issued my report thereon dated July 29, 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 2003-1, 2003-2 and 2003-3.

Housing Authority of the Village of Fenton

Fenton, Louisiana
Independent Auditor's Report
on Compliance...Government
Auditing Standards, 2003

Page Two

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 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. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-1, 2003-2, 2003-3 and 2003-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items 2003-1, 2003-2, 2003-3 and 2003-4 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 24:513, this report is distributed by the Legislative Auditor as a public document.

William Daniel
McCaskill, CPA, APAC

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APAC
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William Daniel McCaskill, CPA
A Professional Accounting Corporation
July 29, 2004

SCHEDULE 2

HOUSING AUTHORITY OF THE VILLAGE OF FENTON
 Fenton, Louisiana
 Schedule of Expenditures of Federal Awards
 For Fiscal Year Ended December 31, 2003

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing	14.850a	38,896
Public Housing Capital Fund Program	14.872	37,301
Total Federal Expenditures		<u>\$ 76,197</u>

See accompanying notes to schedule of expenditures of federal awards.

**HOUSING AUTHORITY OF THE
VILLAGE OF FENTON**

Fenton, 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 VILLAGE OF FENTON

Fenton, Louisiana

Schedule of Prior Year Audit Findings

Fiscal Year Ended December 31, 2003

FINDING 2002-1 – The book balance of the Low Rent checking account was zero and the tenant security deposit liability account had a balance. As a result, it appeared that restricted cash had been used to fund operations.

This finding is not repeated.

HOUSING AUTHORITY OF THE VILLAGE OF FENTON

Fenton, 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. There were 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 the authority, which are required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

FINDING 2003-1

Condition

The fiscal year 2003 audit report is late per state law.

Criteria

Louisiana revised statute 24:513 requires that the audited financial statements be submitted to the Legislative Auditor's office no later than six months after the entity's fiscal year end.

Cause

The audit was delayed due to problems obtaining information required to complete the audit.

Effect

The PHA violated state law.

Recommendation

Recommend the PHA provide the information required to ensure that the auditor.

HOUSING AUTHORITY OF THE VILLAGE OF FENTON

Fenton, Louisiana

Schedule of Current Audit Findings and Questioned Costs

Fiscal Year Ended December 31, 2003

PHA's Response

See corrective action plan.

FINDING 2003-2

Condition

The comments and suggestions made by the Office of Legislative Auditor of the State of Louisiana as a result of a limited review of the financial statements are considered a finding. The comments and suggestions are as follows:

- **Monthly financial statements:** The Authority does not have written policies and procedures for the production of financial statements. The Authority should have written policies and procedures that contain the nature, extent, and frequency that financial statements should be provided to management and the governing body.
- **Disbursements:** Authority invoices were not marked "paid" through a copy of the check was attached to invoice. It is good practice to identify paid invoices; attached documents can be easily unattached, which could result in duplicated payment. The Authority should establish written procedures containing a clear understanding of what task should be performed, how and when disbursements occur, who performs that disbursements tasks, and the policies enforcing these practices.
- **Investments:** Written policies that details and clarify investment objectives and the procedures necessary to reach those objectives should be established by the Authority. The investment policy must comply with Louisiana law as defined in Revised Statutes 33:2955 and 39:1221.
- **Delinquent Accounts Receivable:** Written policies for collecting delinquent accounts receivable and policies for enforcing the collection should be established by the Authority. Insufficient effort to collect delinquent accounts receivable is a violation of Article VII, Section 14 of the Louisiana Constitution of 1974.
- **Information Systems:** Written policies and procedures including internet access, files that can and cannot be downloaded from the internet, and identifying critical and noncritical data should be established by the Authority.

HOUSING AUTHORITY OF THE VILLAGE OF FENTON

Fenton, Louisiana

Schedule of Current Audit Findings and Questioned Costs - Continued

Fiscal Year Ended December 31, 2003

The Authority should have a contingency or recovery plan in the event of a disaster. Critical data should be backed up regularly and sorted in a secure location.

- **Payroll and Attendance:** The Authority should establish written policies and procedures to ensure good documentation of payroll and attendance processes. Documentation should include time report approval by management and records to account for sick leave earned and vacation taken should they apply. Personnel files should include I-9 forms, signed job descriptions, approved employee pay rates and completed job applications.
- **Capital Assets:** The Authority is not conducting a physical inventory of capital assets. Capital Assets should be tagged, routinely inventoried, and properly retired to ensure asset accountability.

Criteria

See Condition above

Cause

See Condition above

Effect

See Condition above

Recommendation

See Condition above

PHA's Response

See corrective action plan.

FINDING 2003-3

Condition

The Board of Commissioners includes three (3) tenant board members, including a husband and wife. The husband and wife also owe past due rent in the amount of \$1,640 to the PHA. A repayment agreement was executed on June 26, 2003 and was not current at fiscal year end. Tenant board members do not recuse themselves from voting.

HOUSING AUTHORITY OF THE VILLAGE OF FENTON

Fenton, Louisiana

Schedule of Current Audit Findings and Questioned Costs - Continued

Fiscal Year Ended December 31, 2003

Criteria

Members of the Board of Commissioners should come from a cross section of the community. Members of the Board of Commissioners should avoid conflicts of interest. Per LRS 42:1120.2 and LRS 42:1112, tenant members of the board of commissioners should recuse themselves from voting on matters relating to the development that they reside in.

Cause

The Village of Fenton is a very small community with a limited pool of people willing to serve as Commissioners.

Effect

In my opinion, having three (3) tenant Board members causes too much of a concentration. The board members owing past due rent to the authority creates a conflict of interest. Since the PHA is comprised of only one development site, if the three tenant commissioners recuse themselves from voting on matters relating to that development site the Board would be dysfunctional.

Recommendation

I recommend that the makeup of the board of commissioners be changed. I recommend that the board members with outstanding balances repay any outstanding debt.

PHA's Response

See corrective action plan.

HOUSING AUTHORITY OF THE VILLAGE OF FENTON

Fenton, Louisiana

Corrective Action Plan

Fiscal Year Ended December 31, 2003

Finding 2003-1

Person Responsible

Board of Commissioners

Anticipated Completion Date

June 30, 2005

Action Planned

Next year we will provide all information requested by the auditor in a timely manner.

Finding 2003-2

Person Responsible

Vanessa Lee

Anticipated Completion Date

August 31, 2004

Action Planned

We are in the process of correcting all matters raised by this finding. We have been working on this since the Louisiana Legislative Auditor's office issued their report.

Finding 2003-3

Person Responsible

Board of Commissioners

Anticipated Completion Date

September 30, 2004

Action Planned

We will refer these matters to our attorney and take action based on the attorney's recommendation.

SCHEDULE 6

HOUSING AUTHORITY OF THE VILLAGE OF FENTON
 Fenton, Louisiana
 Financial Data Schedule
 For Fiscal Year Ended December 31, 2003

Line Item Number	Account Description	Low Rent Public Housing	Capital	Total
111	Cash - unrestricted	\$ 8,538	\$ -	\$ 8,538
114	Cash - tenant security deposits	5,922	-	5,922
100	Total Cash	14,460	-	14,460
122	Accounts receivable - HUD other projects	-	3,262	3,262
125	Accounts receivable - miscellaneous	3,983	-	3,983
126	Accounts receivable - tenants - dwelling rents	242	-	242
126.1	Allowance for doubtful accounts - dwelling rents	(148)	-	(148)
126.2	Allowance for doubtful accounts - other	(3,983)	-	(3,983)
120	Total receivables, net of allowances for doubtful accounts	94	3,262	3,356
142	Prepaid expenses and other assets	10,244	-	10,244
144	Interprogram - due from	3,262	-	3,262
150	Total Current Assets	28,060	3,262	31,322
161	Land	29,049	-	29,049
162	Buildings	1,305,415	-	1,305,415
163	Furniture, equipment, and machinery - dwellings	19,914	1,660	21,574
164	Furniture, equipment, and machinery - administration	32,818	21,197	54,015
165	Leasehold improvements	416,306	-	416,306
166	Accumulated depreciation	(590,289)	(4,477)	(594,766)
160	Total fixed assets, net of accumulated depreciation	1,213,213	18,380	1,231,593
180	Total Non-Current Assets	1,213,213	18,380	1,231,593
190	Total Assets	1,241,273	21,642	1,262,915
312	Accounts payable < 90 days	1,029	-	1,029
341	Tenant security deposits	5,922	-	5,922
347	Interprogram - due to	-	3,262	3,262
310	Total Current Liabilities	6,951	3,262	10,213
300	Total Liabilities	6,951	3,262	10,213
504	Net HUD PHA contributions	1,179,944	-	1,179,944
508	Total Contributed Capital	1,179,944	-	1,179,944
512	Undesignated fund balance/retained earnings	54,378	18,380	72,758
513	Total Equity	1,234,322	18,380	1,252,702
600	Total Liabilities and Equity	1,241,273	21,642	1,262,915

SCHEDULE 6

HOUSING AUTHORITY OF THE VILLAGE OF FENTON
 Fenton, Louisiana
 Financial Data Schedule
 For Fiscal Year Ended December 31, 2003

Line Item Number	Account Description	Low Rent Public Housing	Capital	Total
703	Net tenant rental revenue	37,024	-	37,024
704	Tenant revenue - other	1,528	-	1,528
705	Total tenant revenue	38,552	-	38,552
706	HUD PHA grants	38,896	14,444	53,340
706.1	Capital Grants	-	22,857	22,857
715	Other revenue	25	-	25
716	Gain or loss on sale of fixed assets	(374)	-	(374)
700	Total Revenue	77,099	37,301	114,400
	Administrative			
911	Administrative salaries	17,550	-	17,550
915	Employee benefit contributions - administrative	195	-	195
916	Other operating - administrative	9,088	6,000	15,088
	Utilities			
931	Water	1,828	-	1,828
	Ordinary Maintenance and Operation			
942	Ordinary maintenance and operations - materials and other	5,780	2,452	8,232
943	Ordinary maintenance and operations - contract costs	36,775	2,992	39,767
	General Expenses			
961	Insurance premiums	861	-	861
964	Bad debt - tenant rents	3,033	-	3,033
969	Total Operating Expense	75,110	11,444	86,554
970	Excess Operating Revenue Over Operating Expenses	1,989	25,857	27,846
971	Extraordinary maintenance	300	-	300
974	Depreciation expense	76,472	4,477	80,949
900	Total Expenses	151,882	15,921	167,803
1001	Operating transfers in	3,000	-	3,000
1002	Operating transfers out	-	(3,000)	(3,000)
1010	Total other financing sources (uses)	3,000	(3,000)	-
1000	Excess (deficiency) of total revenue over (under) total expenses	(71,783)	18,380	(53,403)
	MEMO ACCOUNT INFORMATION			
1101	Capital outlays - enterprise fund			-
1102	Debt principal payments - enterprise funds			-
1103	Beginning equity	1,214,361	90,197	1,304,558
1104	Prior period adjustments, equity transfers, and correction of errors	91,744	(90,197)	1,547
1120	Unit Months Available	300		300
1121	Number of unit months leased	294		294