

**Housing Authority of the
TOWN OF COLFAX**
Colfax, Louisiana

**General-Purpose Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended March 31, 2004
With Supplemental Information Schedules**

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

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Under provisions of state law this report is a public document. A copy of this 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 COLFAX
Colfax, Louisiana
General-Purpose Financial Statements
As of and for the Fiscal Year Ended March 31, 2004
With Supplemental Information Schedules

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INDEPENDENT AUDITORS' REPORT

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

I have audited the accompanying general-purpose financial statements of the Housing Authority of the Town of Colfax as of and for the year ended March 31, 2004, as listed in the table of contents. Those 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 Colfax as of March 31, 2004, 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 COLFAX

Colfax, Louisiana

Independent Auditor's Report, 2004

Page Two

In accordance with Government Auditing Standards, I have also issued a report dated September 24, 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, required by the U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. The accompanying Financial Data Schedule, required by HUD, is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

 

William Daniel McCaskill, CPA
A Professional Accounting Corporation
September 24, 2004

Exhibit A

HOUSING AUTHORITY OF THE TOWN OF GOLFAK
 Colfax, Louisiana
 Proprietary Fund Type - Enterprise Fund - Balance Sheet
 As of March 31, 2004

Assets

Current Assets:	
Cash and Cash Equivalents	\$ 322,195
Accounts Receivable - HUD Other Projects	9,318
Accounts Receivable - Miscellaneous	343
Accrued Interest Receivable	3,354
Prepaid Expenses	22,060
Inventory	3,688
Interprogram Due From	23,428
Total Current Assets	<u>398,386</u>
Restricted Assets:	
Cash and cash equivalents	4,820
Total Restricted Assets	<u>4,820</u>
Fixed Assets, Net of Accumulated Depreciation:	
Land	2,000
Buildings	4,427,894
Furniture, Equipment & Machinery - Dwellings	78,843
Furniture, Equipment & Machinery - Administration	70,824
Leasehold Improvements	518,772
Accumulated Depreciation	(2,877,188)
Construction in Progress	7,477
Total Fixed Assets, Net of Accumulated Depreciation	<u>1,510,922</u>
Total Assets	<u>\$ 1,809,278</u>
Current Liabilities (payable from current assets):	
Accounts Payable - Vendors	\$ 7,888
Accounts Payable - Other Governments	10,240
Accrued Wages and Payroll Taxes Payable	408
Accrued Compensated Absences - Current	2,803
Deferred Revenue	347
Interprogram Due To	20,425
Total Current Liabilities (payable from current assets)	<u>41,811</u>
Current Liabilities (payable from restricted assets):	
Tenant Security Deposits	4,808
Long-Term Liabilities:	
Accrued Compensated Absences, net of current	5,451
Total Long-Term Liabilities	<u>5,451</u>
Total Liabilities	<u>49,070</u>
Equity:	
Contributed Capital	1,480,188
Reserve Earnings	288,218
Total Equity	<u>1,768,206</u>
Total Liabilities and Equity	<u>\$ 1,809,278</u>

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

HOUSING AUTHORITY OF THE TOWN OF COLFAX
 Colfax, Louisiana
 Proprietary Fund Type - Enterprise Fund -
 Statement of Revenues, Expenses, and Changes in Retained Earnings
 For Fiscal Year Ended March 31, 2004

Operating Revenues:	
Net Tenant Rental Revenue	\$ 97,817
Tenant Revenue - Other	5,402
Federal Grants	241,584
Total Operating Revenues	<u>344,803</u>
Operating Expenses:	
Administrative Expenses	164,580
Tenant Services	188
Utilities	83,895
Ordinary Maintenance & Operation	164,795
General Expenses	40,886
Extraordinary Maintenance & Operation	6,282
Housing Assistance Payments	129,428
Depreciation Expense	238,713
Total Operating Expenses	<u>663,977</u>
Operating Loss	<u>(319,174)</u>
Non-operating Revenues (Expenses)	
Federal Grants	234,584
Interest Income	5,916
Casualty Losses	(83,716)
Other Revenue	87,809
Total Non-operating Revenues (Expenses)	<u>244,589</u>
Net Income	55,415
Retained Earnings at Beginning of Year	286,368
Prior Period Adjustments and Corrections of Errors	<u>(1,710)</u>
Retained Earnings at End of Year	<u>\$ 341,073</u>

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

Exhibit C

HOUSING AUTHORITY OF THE TOWN OF COLFAR
Colfax, Louisiana
Proprietary Fund Type - Enterprise Fund - Statement of Cash Flows
For Fiscal Year Ended March 31, 2004

Cash flows from operating activities:	
Operating Loss	\$ (204,827)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	326,713
Decrease in Accounts Receivable - HUD Other Projects	24,114
Increase in Accounts Receivable - Miscellaneous, net	(95)
Decrease in Accounts Receivable - Tenants Dwelling Rents, net	37
Increase in Prepaid Expenses	(102)
Decrease in Inventories	3,899
Increase in Accounts Payable - Vendors	4,899
Increase in Accounts Payable - Other Governments	4,905
Decrease in Accrued Wages and Payroll Taxes Payable	(40)
Decrease in Accrued Compensated Absences	(684)
Increase in Deferred Revenue	(41)
Decrease in Tenant Security Deposits	580
Net cash provided by operating activities	<u>41,079</u>
Cash flows from capital and related financing activities:	
Payments to acquire, construct, or improve capital assets	(215,221)
Proceeds from federal capital grants	214,584
Proceeds from insurance	17,889
Payments to restore burned unit	(23,792)
Net cash provided by capital and related financing activities	<u>13,460</u>
Cash flow from investing activities:	
Investment income (interest income)	5,007
Net cash provided (used) by investing activities	<u>5,007</u>
Net increase in cash and cash equivalents	60,416
Cash and cash equivalents at beginning of year	<u>285,606</u>
Cash and cash equivalents at end of year	<u>\$ 346,022</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 COLFAX
Colfax, Louisiana
Notes to the Financial Statements
For Fiscal Year Ended March 31, 2004

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 Colfax, 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 Colfax 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 March 31, 2004, the authority was managing a Low Rent Public Housing program, a Capital Fund Program and a Housing Choice Voucher 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 COLFAX
Colfax, Louisiana
Notes to the Financial Statements, 2004 – 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 Town of Colfax, 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.

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 TOWN OF COLFAK
Colfax, 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 TOWN OF COLFAX
Colfax, 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. The authority did not have any investments for the fiscal year ended March 31, 2004.

(8) Inventories

Inventory items are valued at cost on a first-in first-out (FIFO) basis. Any difference between cost and market is deemed immaterial. The authority uses a periodic inventory system and accounts for inventory using the purchase method.

(9) Prepaid Items

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

(10) Fixed Assets

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

Buildings	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.

(11) Compensated Absences

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

HOUSING AUTHORITY OF THE TOWN OF COLFAX

Colfax, Louisiana

Notes to the Financial Statements, 2003 - Continued

leave privileges, computed in accordance with GASB Codification Section 090 is recognized as a current year expense when leave is earned.

NOTE B - CASH AND CASH EQUIVALENTS

See Note A for discussion of policies related to cash and cash equivalents. At March 31, 2004, the authority has cash and cash equivalents (book balances) totaling \$328,405 as follows:

Interest-bearing demand deposits	\$70,802
Time deposits	247,603
Total	<u>\$318,405</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 March 31, 2004, the authority has \$331,422 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

GASB Category 1	\$127,373
GASB Category 2	-
GASB Category 3	204,049
	<u>\$331,422</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 38:1223 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.

HOUSING AUTHORITY OF THE TOWN OF COLFAX
 Colfax, Louisiana
 Notes to the Financial Statements, 2003 – Continued

NOTE C – FIXED ASSETS

The following is a summary of fixed assets:

Land	\$2,908
Buildings	4,427,834
Furniture and Equipment:	
Dwellings	75,943
Administration	70,624
Leasehold Improvements	516,772
Construction in progress	7,477
Total	<u>\$5,101,758</u>
Accumulated depreciation	<u>(3,577,186)</u>
Net fixed assets	<u>\$1,524,572</u>

NOTE D - RETIREMENT PLAN

The authority participates in the Louisiana Housing Council Group Retirement Plan, administered by Broussard, Bush and Harst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, which are members of the Louisiana Housing Council. Through this plan, the authority provides pension benefits for all of its full-time employees. All full-time employees who have attained age 18 are eligible to participate in the plan on the first day of the month after completing three months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 6.5 percent of each participant's basic (excludes overtime) compensation. Employees contribute up to 6.5 percent of their annual covered salary.

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday. Early retirement may be elected on the first day of any month within 10 years of the employee's normal retirement date, provided the employee has completed five years of service with the authority. With the

HOUSING AUTHORITY OF THE TOWN OF COLFAX
Colfax, Louisiana
Notes to the Financial Statements, 2003 – Continued

authority's consent, employees may defer retirement to the first day of any month beyond normal retirement date.

The authority's total payroll for the year ended March 31, 2004, was \$94,804. The authority's contributions were calculated using the base salary amount of \$77,112. The authority made the required contributions of \$6,753 for the year ended March 31, 2004.

NOTE E - COMPENSATED ABSENCES

At March 31, 2004, employees of the authority have accumulated and vested \$6,304 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

NOTE F - PRIOR PERIOD ADJUSTMENTS AND CORRECTIONS OF ERRORS

In the Capital Fund Program, contract cost of \$170 was capitalized as hard costs and maintenance materials, in the amount of \$1,557, were erroneously expensed in the prior year.

NOTE G - RISK MANAGEMENT

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

NOTE H - LITIGATION AND CLAIMS

At March 31, 2004, the authority is involved in one lawsuit. Management believes the authority's insurance would cover any losses, which would be incurred if this suit was not settled favorably.

NOTE I - 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 TOWN OF COLFAX
Colfax, Louisiana
Schedule of Compensated Paid Board Members
Fiscal Year Ended March 31, 2004

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 City of Colfax
Colfax, Louisiana

I have audited the general-purpose financial statements of the Housing Authority of the City of Colfax (the authority), as of and for the year ended March 31, 2004, and have issued my report thereon dated September 24, 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 2004-1 and 2004-5.

Housing Authority of the City of Colfax
Colfax, Louisiana
Independent Auditor's Report
on Compliance - Government
Auditing Standards, 2004
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 2004-1 and 2004-5.

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, none of the reportable conditions described above, are considered 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 those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Board of Commissioners
Housing Authority of the City of Colfax
Colfax, Louisiana

Compliance

I have audited the compliance of the Housing Authority of the City of (Example (the authority) 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 March 31, 2004. The 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 authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

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

Housing Authority of the City of Dallas
Cottleville, Louisiana
Independent Auditor's Report
on Compliance...A-133, 2004
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As described in items 2004-1, 2004-2, 2004-3, 2004-4 and 2004-5 in the accompanying schedule of findings and questioned costs, the authority, did not comply with requirements regarding allowable cost/costs principles, eligibility, reporting, special provisions and equipment and real property management that are applicable to its capital fund program and housing choice vouchers. Compliance with such requirements is necessary, in my opinion, for the authority, to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, the authority, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2004.

Internal Control Over Compliance

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

I noted certain matters involving the internal control over compliance 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 compliance that, in my judgment, could adversely affect the authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2004-1, 2004-2, 2004-3, 2004-4 and 2004-5.

Housing Authority of the City of Colfax
Colfax, Louisiana
Independent Auditor's Report
on Compliance...A-133, 2004
Page Three

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items 2004-2, 2004-3 and 2004-4 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 34:513, this report is distributed by the Legislative Auditor as a public document.



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A Professional Accounting Corporation
September 24, 2004

SCHEDULE 2

HOUSING AUTHORITY OF THE TOWN OF COLFAX
 Colfax, Louisiana
 Schedule of Expenditures of Federal Awards
 For Fiscal Year Ended March 31, 2004

Federal Grants/Pass-through Grants/ Program or Cluster Title	GFDA #	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low-Rent Public Housing	14.858a	\$ 185,851
Housing Choice Voucher Program	14.871	193,816
Public Housing Capital Fund Program	14.872	204,584
Total Federal Expenditures		<u>\$ 584,251</u>

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 COLFAX

Colfax, Louisiana

Schedule of Prior Year Audit Findings

Fiscal Year Ended March 31, 2004

FINDING 2003-1

Condition

The audit report is being published later than six months after the fiscal year end.

Current Status

This finding is not repeated.

FINDING 2003-2

Condition

The test of disbursements revealed several discrepancies.

Current Status

The finding is repeated as current year finding 2004-1.

FINDING 2003-3

Condition

The testing of the Housing Choice Voucher Program's tenant file resulted in several deficiencies.

Current Status

The finding is repeated as current year finding 2004-2.

FINDING 2003-4

Condition

The PHA was unable to satisfy audit requirements to support SEMAP responses.

Current Status

The finding is repeated as current year finding 2004-3.

Schedule 3

HOUSING AUTHORITY OF THE TOWN OF COLFAX
Colfax, Louisiana
Schedule of Prior Year Audit Findings
Fiscal Year Ended March 31, 2004

FINDING 2003-5

Condition

One of the banks that the PHA utilizes had funds on deposit in excess of FDIC coverage pledged with local municipal securities rather than Federal securities.

Current Status

This finding is not repeated.

FINDING 2003-6

Condition

- + The PHA adequately advertised for two construction contracts but received a response from only one vendor. The PHA contracted with the vendor without securing proper approval or proper documentation.
- + The procurement policy was obsolete and inadequate.
- + The PHA did not maintain adequate documentation to support the Davis-Bacon wage rate testing.

Current Status

This finding is not repeated.

FINDING 2003-7

Condition

The PHA was not able to adequately document waiting list usage per the ACOP and prove that they updated the utility allowance annually.

Current Status

The PHA is still unable to adequately document waiting list usage per the ACOP. The finding is repeated in current year finding 2004-4. However, they are able to prove that they updated the utility allowance annually.

Schedule 3

HOUSING AUTHORITY OF THE TOWN OF COLFAX
Colfax, Louisiana
Schedule of Prior Year Audit Findings
Fiscal Year Ended March 31, 2004

FINDING 2003-8

Condition

The PHA was unable to provide adequate documentation sufficient for the auditor to render an opinion on fixed assets being materially correct.

Current Status

This finding is not repeated.

FINDING 2003-9

Condition

The procurement and disposition were outdated.

Current Status

The procurement policy has been updated but the disposition policy remains outdated. The finding is repeated as current year finding 2004-6.

FINDING 2003-10

Condition

The PHA was unable to produce current and properly procured contracts for three contractors.

Current Status

This finding is not repeated.

HOUSING AUTHORITY OF THE TOWN OF COLFAX

Colfax, Louisiana

Schedule of Current Audit Findings and Questioned Costs

Fiscal Year Ended March 31, 2004

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. Two 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.
3. Two 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.
4. Five reportable conditions disclosed during the audit of internal control over major federal award programs are reported in the Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133. Two of the conditions are not reported as material weaknesses.
5. The auditor's report on compliance for the major federal award programs for the authority expresses a qualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.

HOUSING AUTHORITY OF THE TOWN OF COLFAX

Colfax, Louisiana

Schedule of Current Audit Findings and Questioned Costs - Continued

Fiscal Year Ended March 31, 2004

7. The programs tested as major programs included:

- | | | |
|----|--------|-------------------------|
| 1. | 14,871 | Housing Choice Vouchers |
| 2. | 14,872 | Capital Fund Program |

8. The threshold used for distinguishing between Type A and B programs was \$300,000.

9. The authority did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT**FINDING 2004-1and FINDING 2004-8** – See Findings And Questioned Costs – Major Federal Awards Programs Audit**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT****FINDING 2004-1****Programs:** Low Rent Public Housing, Housing Choice Voucher Program and Capital Fund**Condition:** The test of 40 disbursements revealed the following discrepancies:
7 – no purchase order
2 – no evidence goods were received**Criteria:** In order to comply with Federal and State regulations the PHA should establish and maintain an efficient and effective internal control system.**Cause:** Although the PHA did improve from prior year, the PHA did not adequately comply with prior years corrective action plan.**Effect:** Weak internal controls increase the potential risk for errors and/or fraudulent activity.

HOUSING AUTHORITY OF THE TOWN OF COLFAX

Colfax, Louisiana

Schedule of Current Audit Findings and Questioned Costs - Continued
Fiscal Year Ended March 31, 2004**Questioned Costs:** None**Perspective Information:** See Condition**Recommendation:** The PHA should establish and maintain an efficient and effective internal control system.**FINDING 2004-2****Program:** Housing Choice Vouchers**Condition:** The testing of five (5) HCY tenant files resulted in the following deficiencies:

- 3 with inadequate 3rd party income verification
- 2 with HAP payments that did not agree to the HAP register
- 2 with incorrect HAP calculations
- 5 with inadequate rent reasonableness documentation
- 1 with inadequate documentation concerning HCS inspections

Criteria: The ACC and the CFR describe minimal tenant file documentation required to be maintained by the PHA.**Cause:** PHA staff is not adequately following Federal regulations and the PHA's Admissions and Continuing Occupancy Policy. The PHA may not be adequately staffed and current staff may not be adequately trained.**Effect:** The PHA is not in compliance with the ACC or the CFR. Participants' eligibility determinations could be incorrect. HAP's are paid at incorrect amounts.**Auditor's Comment:** It is noted that the tenant file documentation is much improved this year over last year. Staff has made very good progress in this area.**Questioned Costs:** None**Perspective Information:** See Condition

HOUSING AUTHORITY OF THE TOWN OF COLFAX

Colfax, Louisiana

Schedule of Current Audit Findings and Questioned Costs - Continued

Fiscal Year Ended March 31, 2004

Recommendation: The PHA should properly train staff or employ a staff person with expertise in this area.

FINDING 2004-3

Program: Housing Choice Voucher

Criteria: Per the ACC the PHA should maintain adequate documentation to support all responses to the SEMAP report.

Condition: SEMAP indicators did not have adequate supporting documentation as follows:

General:

The same PHA staff member that performs the quality control samples performs the initial tenant file work. The quality control sample work should be done by a supervisor at least one level above this staff member.

The quality control reviews are not dated.

Specific indicators:

Indicator # 1b - Selection from the waiting list, the quality control supervisory sample does not have a place for documenting this, therefore the PHA should have reported "no" for 1 b instead of "yes".

Indicator # 2a - The response indicates that the PHA "...implements a reasonable written method to determine and document for each unit leased that the rent...is reasonable..."—since the rent reasonableness form in use only compares 2 other apartments instead of 3 then the PHA should have indicated "no" instead of "yes".

Indicator # 2b - The quality control sample shows 2 of 6 lacking rent reasonableness, which are 67%, not the 60 to 67% as reported.

Indicator 3 - Two of five files tested indicated a lack of 3rd party verification of income and/or incorrect income information, therefore # 3 is 60%, not the 60 to 66% as reported.

HOUSING AUTHORITY OF THE TOWN OF COLFAX

Colfax, Louisiana

Schedule of Current Audit Findings and Questioned Costs - Continued

Fiscal Year Ended March 31, 2004

Indicator # 5 – The PHA staff documented reinspecting only 3 units, not the 5 as required for the sample size, the PHA entered "yes" instead of "no". This response should be changed to no.

Indicator # 6 – One of 5 quality control samples showed no timely housing quality standards inspection, which is 80%, not the 90% as reported.

Cause: It is noted that the PHA did not adequately follow through on last years corrective action plan and did not retain documentation to provide an adequate audit trail.

Effect: The PHA is in violation of the ACC.

Questioned Costs: None

Perspective Information: not applicable

Recommendation: The PHA should properly train staff or employ a staff person with expertise in this area.

FINDING 2004-4

Program: Housing Choice Vouchers

Criteria: Federal regulations require that the PHA:

Properly utilize the waiting list of applicants per the Admissions and Continue Occupancy Policy (ACOP).

Condition: The PHA was unable to adequately document waiting list usage per the ACOP.

Cause: The PHA did not adequately perform last years corrective action plan.

Effect: The PHA is in violation of Federal regulation.

HOUSING AUTHORITY OF THE TOWN OF COLFAX

Colfax, Louisiana

Schedule of Current Audit Findings and Questioned Costs - Continued
Fiscal Year Ended March 31, 2004

Questioned Costs: None

Perspective Information: Not applicable

Recommendation: To adequately document proper waiting list usage staff must 1) hard copy and retain the waiting list immediately after it is closed, and 2) hard copy and retain on at least a monthly basis the waiting list in use whenever an open waiting list is utilized.

FINDING 2004-5

Programs Affected: Low Rent Public Housing and Capital Fund Program

Criteria: All PHA policies should be current.

Condition: The PHA's disposition policy is outdated.

Cause: Management did not properly update the PHA's disposition policy in accordance with prior years corrective action plan.

Effect: The PHA is in violation of Federal regulation and State law and cannot exhibit adequate internal controls without updated policies.

Questioned Costs: None

Perspective Information: Not applicable

Recommendation: Management should properly update the PHA's disposition policy.

HOUSING AUTHORITY OF THE TOWN OF COLFAX

Colfax, Louisiana

Corrective Action Plan for Current Year Findings

For Fiscal Year Ended March 31, 2004

FINDINGS—FINANCIAL STATEMENTS AUDIT

2004-1 and 2004-5 – See Federal Award Programs Audit

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2004-1

Action Planned: In the future we will not process payments to vendors until all of the necessary documentation is attached to the check.

Person Responsible: Johnny White

Anticipated Completion Date: August 31, 2004

2004-2

Action Planned: We will follow the instructions per the Auditor's recommendation in the finding to eliminate the finding next year.

Person Responsible: Johnny White

Anticipated Completion Date: January 31, 2005

2004-3

Action Planned: We will maintain adequate documentation to support our SEMAP report for next year.

Person Responsible: Johnny White

Anticipated Completion Date: April 30, 2005

HOUSING AUTHORITY OF THE TOWN OF COLFAX

Colfax, Louisiana

Corrective Action Plan for Current Year Findings

For Fiscal Year Ended March 31, 2004

2004-4

Action Planned: We will follow the instructions per the Auditor's recommendation in the finding to eliminate the finding next year.

Person Responsible: Johnny White

Anticipated Completion Date: October 31, 2004

2004-5

Action Planned: We will follow the instructions per the Auditor's recommendation in the finding to eliminate the finding next year.

Person Responsible: Johnny White

Anticipated Completion Date: October 31, 2004

SCHEDULE B

HOUSING AUTHORITY OF THE TOWN OF COLEMAN
 Colfax, Louisiana
 Financial Statements
 For Fiscal Year Ended March 31, 2004

Line Item Number	Account Description	Less Rent (USD)	Housing Choice Voucher	Capital	Total
111	Cash - unrestricted	\$ 100,100	-	-	100,100
114	Cash - Invest Security Accounts	4,300	-	-	4,300
100	Total Cash	104,400	-	-	104,400
122	Accounts receivable - HUD other projects	-	6,310	-	6,310
125	Accounts receivable - miscellaneous	343	-	-	343
129	Accounts interest receivable	3,254	-	-	3,254
120	Total Receivables, net of allowance for doubtful accounts	3,597	6,310	-	9,907
142	Prepaid expenses and other assets	21,960	-	-	21,960
143	Inventories	2,885	-	-	2,885
144	Intergovernmental - due from	-	26,425	-	26,425
140	Total Prepaid Expenses	24,845	26,425	-	51,270
161	Land	2,000	-	-	2,000
162	Buildings	4,401,034	-	266,458	4,667,492
163	Furniture, equipment, and machinery - dwelling	55,571	-	14,872	70,443
164	Furniture, equipment, and machinery - administration	87,301	948	1,605	89,854
166	Leasehold improvements	516,712	-	-	516,712
168	Accumulated depreciation	(1,548,714)	(918)	(27,208)	(1,576,840)
167	Construction in progress	-	-	7,477	7,477
160	Total Fixed Assets, net of accumulated depreciation	3,202,894	(918)	289,695	3,491,671
100	Total Assets	1,112,694	26,425	289,695	1,428,814
180	Total Liabilities	1,404,480	20,480	305,940	1,730,900
112	Accounts payable - 90 days	7,658	-	-	7,658
121	Accounts payable/interest payable	488	-	-	488
300	Annual compensated absences	2,888	248	-	3,136
303	Accounts payable - other government	10,243	-	-	10,243
307	Tenant security deposits	4,288	-	-	4,288
342	Deferred revenue	341	-	-	341
347	Intergovernmental - due to	20,425	-	-	20,425
310	Total Current Liabilities	46,331	248	-	46,579
354	Annual compensated absences - non current	5,308	61	-	5,369
360	Gifts and contributions	5,295	341	-	5,636
360	Total Long-Term Liabilities	10,603	397	-	11,000
504	Net HUD 924A contributions	1,400,180	-	-	1,400,180
500	Total Contributions	1,400,180	-	-	1,400,180
912	Unassigned fund balance/related savings	(1,584)	26,500	303,940	302,356
910	Total Equity	7,985	26,500	303,940	338,425
100	Total Liabilities and Equity	1,428,814	26,425	303,940	1,759,179

FINANCIAL STATEMENTS OF THE BOARD OF COLLEGE

(2024) (Continued)

Financial Data Schedule

For Fiscal Year Ended March 31, 2024

SCHEDULE B

Line Item Number	Account Description	Current Year Funding	Current Year Other Funds	Current Year Total	Current Year Capital	Total
102	Net interest and dividend income	17,077	-	-	-	17,077
103	Grant income - other	6,403	-	-	-	6,403
104	Net investment income	152,876	-	-	-	152,876
105	Net PFD income	181,071	-	-	-	181,071
106	Capital Grants	-	-	224,704	224,704	224,704
107	Investment income - restricted	6,000	-	-	-	6,000
108	Other income	17,905	-	-	-	17,905
109	Total income	481,132	-	224,704	-	705,836
Administrative						
201	Administrative salaries	18,154	6,897	-	-	25,051
202	Auditing fees	2,003	1,200	-	-	3,203
203	Compensation insurance	(883)	349	-	-	(534)
204	Employee benefit contributions - administrative	14,500	5,070	-	-	19,570
205	Other operating - administrative	23,003	9,932	1,600	-	34,535
Support Services						
206	Telephone - other	156	-	-	-	156
Utilities						
207	Water	21,047	-	-	-	21,047
208	Electricity	4,801	-	-	-	4,801
209	Gas	864	-	-	-	864
210	Other utilities expense	17,403	-	-	-	17,403
Building Maintenance and Operation						
211	Building maintenance and operations - labor	17,132	-	-	-	17,132
212	Building maintenance and operations - materials and other	10,106	-	1,600	-	21,806
213	Building maintenance and operations - contract work	16,071	-	-	-	16,071
214	Employee benefit contributions - building maintenance	17,071	-	-	-	17,071
General Expenses						
215	Insurance premiums	26,208	640	-	-	26,848
216	Other general expense	6,717	-	-	-	6,717
217	Payments to local taxes	4,300	-	-	-	4,300
218	Travel/Printing Expense	174,860	10,664	1,600	-	187,124
219	Center Building Rental/Operating Expenses	41,330	17,007	20,000	-	78,337
Other						
220	Contingency maintenance	1,268	-	-	-	1,268
221	Deposit fees - non-capitalized	63,710	-	-	-	63,710
222	Housing assistance payments	-	129,436	-	-	129,436
223	Recreation expense	20,286	-	21,000	-	41,286
224	Total expenses	637,136	149,439	21,600	-	808,175
225	Operating transfers to	307	-	-	-	307
226	Operating transfers out	-	-	(307)	-	(307)
227	Total other working account	307	-	(307)	-	-
228	Excess (deficiency) of total available over (under) total expenses	(156,004)	1,600	19,300	-	(135,104)
MIRCO-ACCOUNT INFORMATION						
100	Capital outlays - restricted fund	-	-	-	-	-
101	Long principal payments - restricted funds	-	-	-	-	-
102	Beginning debt	1,568,344	25,007	161,000	-	1,754,351
103	Pay principal adjustments, equity transfers, and correction of errors	23,400	-	2,700	-	26,100
104	Depreciation/Amortization	-	-	-	-	-
105	Minimum pension contributions (Per GASB)	-	69,433	-	-	69,433
Other						
106	Net transfers	-	1,000	-	-	1,000
107	Contingency reserve, ACC contributions	-	68,714	-	-	68,714
108	Total annual contributions available	1,591	139,147	-	-	140,738
109	Capital assets available	1,564	-	-	-	1,564
110	Number of months interest	371	-	-	-	371