

**HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES**  
**REPORT ON EXAMINATION OF**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**  
**TWELVE MONTHS ENDED MARCH 31, 1994**

Under provisions of 2289 (a), 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: 10-2-04

**Mike Estes, P.C.**  
A Professional Accounting Corporation

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BUREAU OF REVENUE  
PUBLIC ACCOUNTANTS

2004 00001 000

**Independent Auditor's Report**

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

We have audited the accompanying basic financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Natchitoches, Louisiana as of and for the year ended March 31, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Natchitoches, as of March 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Omnibus)*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2004, on our consideration of the Housing Authority of the City of Natchitoches' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Wichita Falls's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and other supplementary information is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Housing Authority of the City of Wichita Falls. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying Financial Data Schedules required by HUD are presented for purposes of additional analysis and are 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 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Egan, P.C.  
Fort Worth, Texas  
September 10, 2004

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD & A)**

**MARCH 31, 2004**

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Housing Authority of the City of Natchitoches

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Management's Discussion and Analysis (MD&A)

March 31, 2004

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As management of the Housing Authority, we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended March 31, 2004. All amounts, unless otherwise indicated, are rounded to nearest dollar.

**FINANCIAL HIGHLIGHTS**

- The assets of the Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$16,148,297 (net assets). Of this amount, \$757,925 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Housing Authority's total net assets increased by \$544,965. This increase is attributable in large part to \$2,958,741 of capital contributions from the U.S. Department of Housing and Urban Development.
- At the end of the current fiscal year, unrestricted net assets was \$757,925 or 13 percent of the general fund total operating expenses.
- The Housing Authority continues to operate without the need for debt borrowings during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS** This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special purpose government entity engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

**FUND FINANCIAL STATEMENTS** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to measure and demonstrate compliance with finance-related legal requirements. All of the funds of the Housing Authority are reported as proprietary funds.

**USING THIS ANNUAL REPORT**

The Housing Authority's annual report consist of financial statements that show information about the Housing Authority's most significant funds – such as the Housing Authority's general fund, and tenant-based Section 8 fund, and other enterprise funds and its component unit.

Housing Authority of the City of Manhattan

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Management's Discussion and Analysis (MD&A)

March 31, 2004

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Our auditors have provided assurance in their independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditors regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

#### REPORTING THE HOUSING AUTHORITY'S MOST SIGNIFICANT FUNDS

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Housing Authority's enterprise funds use the following accounting approach:

**Proprietary funds** – All of the Housing Authority's services are reported in enterprise funds. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**Restricted net assets** are reported separately to show legal constraints from debt covenants and enabling legislation that limits the Housing Authority's ability to use those net assets for day-to-day operations.

#### FINANCIAL ANALYSIS

The Housing Authority's net assets were \$18,348,897 at March 31, 2004. Of this amount, \$733,923 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limits the Housing Authority's ability to use those net assets for day-to-day operations.

As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. The general fund is used to account for the public housing, Capital funding and Drug Elimination grant programs. The Section 8 Voucher program is accounted for in the Housing Choice Voucher program. Our analysis below focuses on the net assets and the change in net assets of the primary government as a whole.

Housing Authority of the City of Nashua, New Hampshire

Management's Discussion and Analysis (MD&A)

March 31, 2004

CONDENSED FINANCIAL STATEMENTS (THOUSANDS)

Balance Sheet

Year Ended March 31, 2004

(In thousands)

**ASSETS**

Current assets	\$	690
Restricted assets		89
Capital Assets, Net		<u>9,542</u>
<b>Total Assets</b>		<u><b>10,311</b></u>

**LIABILITIES**

Current Liabilities		141
Non-Current Liabilities		<u>51</u>
<b>Total Liabilities</b>		<u><b>192</b></u>

**NET ASSETS**

Invested in capital assets		9,542
Restricted		89
Unrestricted		<u>758</u>
<b>Total Net Assets</b>		<u><b>10,311</b></u>

Total Liabilities and Net Assets \$ 10,311



Housing Authority of the City of Northridge  
 Management's Discussion and Analysis (MD&A)  
 March 31, 2004

Statement Of Revenue, Expenses  
 And Changes In Fund Net Assets  
 Year Ended March 31, 2004  
 (In thousands)

<b>OPERATING REVENUES</b>	
Rental and other	\$ 734
<b>OPERATING EXPENSES</b>	
Administration	645
Tenant services	50
Utilities	66
Ordinary maintenance & operations	504
General	211
Depreciation	438
Housing assistance	1,250
Total operating expenses	<u>3,198</u>
Income (loss) from Operations	<u>(2,421)</u>
<b>NON OPERATING REVENUES</b>	
Interest earnings	14
Federal grants - operating	2,013
Federal grants -capital	936
Total Non-operating revenues	<u>2,973</u>
Net Change in assets	552
Net Assets at beginning of year	<u>5,708</u>
Net Assets at end of year	<u>\$ 6,260</u>

In future years, a comparative analysis of government - with data with the prior year will be presented.

Total revenues increased \$615,584 due mainly to:

- increase in Federal Grants of \$608,504 due to increase in spending in the Capital fund program.
- decrease in interest income of \$6,869 due to decrease in interest rates.

Total operating expenses increased \$79,796 due mainly to:

- increase in housing assistance in Section 8 of \$40,987
- increase in insurance and depreciation

Housing Authority of the City of Nashua

Management's Discussion and Analysis (MD&A)

March 31, 2004

**BUDGETARY ANALYSIS**

The original General Fund operating budget for year ended March 31, 2004 had a deficit of \$161,268. The final budget approved by HUD for year ended March 31, 2004 had a deficit of \$33,603. The difference of \$127,665 was the additional amount approved as the operating subsidy by HUD.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There was one significant variation between the only adopted annual budget for the Low Rent program and the actual income and expenses. Actual Other Income was \$199,486. The budgeted amount was \$29,090. The difference was larger than expected receipts of Section 8 Administration Fees transferred to the General Fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At March 31, 2004, the Housing Authority had \$8,241,883 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$483,374, or 5 percent, from last year.

	2004
Land	\$ 956,600
Buildings	6,491,818
Furniture and equipment	184,265
Total	\$ 7,541,883

This year's additions of \$944,346 are mainly the result of the renovation work at River Road Village paid for by the capital fund program. No debt was issued for these additions.

Major capital projects are planned for the March 31, 2005 fiscal year at River Road Village. We anticipate capital additions will be comparable to the 2004 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

**Debt**

Our long-term debt includes accrued annual and sick leave.

Housing Authority of the City of Natchitoches

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Management's Discussion and Analysis (MD&A)  
March 31, 2004

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The budgets for March 31, 2005 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital Fund programs are multiple year budgets and have remained relatively stable. Capital Fund are used for the modernization of public housing properties including administrative fees involved in the modernization.

**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens and investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Melissa McKinney, Executive Director, at the Housing Authority of the City of Natchitoches, 336 Colbertson Lane, Natchitoches, Louisiana, 70137, telephone number (318) 352-9734.

**HOUSING AUTHORITY OF THE CITY OF MATCHETTCHES**  
**ENTERPRISE FUNDS - BALANCE SHEET**  
**YEAR ENDED MARCH 31, 2004**

	General	Housing Choice Voucher Fund	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 172,573	\$ 80,898	\$ 253,471
Investments	308,748	0	308,748
Accounts receivable net	130	42,094	42,824
Prepaid items and other assets	13,783	0	13,783
Inventory	18,007	0	18,007
<b>Total Current Assets</b>	<b>503,241</b>	<b>122,992</b>	<b>626,233</b>
<b>Restricted Assets</b>			
Investments	61,319	7,370	68,689
<b>Capital Assets, net</b>			
Land	956,600	0	956,600
Buildings, and equipment, net	8,578,759	8,534	8,587,293
<b>Total Capital Assets, net</b>	<b>9,535,359</b>	<b>8,534</b>	<b>9,543,893</b>
<b>TOTAL ASSETS</b>	<b>\$ 16,402,879</b>	<b>\$ 138,926</b>	<b>\$ 16,541,805</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 62,037	\$ 4,685	\$ 66,722
Accrued liabilities	4,698	0	4,698
<b>Total Current Liabilities</b>	<b>67,835</b>	<b>4,685</b>	<b>72,520</b>
<b>Current Liabilities - payable from Current Restricted Assets -</b>			
Deposits due others	61,319	7,370	68,689
<b>Noncurrent Liabilities</b>			
Compensated absences payable	31,319	0	31,319
<b>TOTAL LIABILITIES</b>	<b>179,873</b>	<b>12,055</b>	<b>191,928</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	9,535,359	8,534	9,543,893
Restricted	61,319	7,370	68,689
Unrestricted	625,358	112,967	738,325
<b>Net Assets</b>	<b>10,222,036</b>	<b>126,871</b>	<b>10,348,907</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 16,402,879</b>	<b>\$ 138,926</b>	<b>\$ 16,541,805</b>

The Notes to the Financial Statements are an integral part of these statements.

**HOUSING AUTHORITY OF THE CITY OF NAYCHITOCHEE**  
**ENTERPRISE FUNDS – STATEMENT OF REVENUES,**  
**EXPENSES AND CHANGES IN FUND NET ASSETS**  
**YEAR ENDED MARCH 31, 2004**

	General	Housing Choice Voucher Fund	Total
<b>OPERATING REVENUES</b>			
Drivelling rental	\$ 535,825	\$ 0	\$ 535,825
Other	218,214	129	218,443
<b>Total Operating Revenues</b>	<u>754,039</u>	<u>129</u>	<u>754,168</u>
<b>OPERATING EXPENSES</b>			
Administration	641,163	284,885	926,048
Tenant services	5,417	48,860	54,277
Utilities	16,304	0	16,304
Ordinary maintenance & operations	375,919	7,832	383,751
General expenses	309,413	1,478	310,891
Depreciation	437,698	1,318	439,016
Housing assistance payments	0	1,211,676	1,211,676
<b>Total Operating Expenses</b>	<u>1,709,324</u>	<u>1,494,479</u>	<u>3,203,803</u>
<b>Income (Loss) from Operations</b>	<u>(955,285)</u>	<u>(1,491,350)</u>	<u>(2,446,635)</u>
<b>Non-Operating Revenues</b>			
Interest earnings	18,964	3,493	22,457
Federal grants – operating	328,786	1,499,888	1,828,674
Federal grants – capital	926,158	0	926,158
<b>Total Non-Operating Revenues</b>	<u>1,473,908</u>	<u>1,499,381</u>	<u>2,973,289</u>
<b>Net Change in Assets</b>	<u>518,623</u>	<u>0</u>	<u>518,623</u>
<b>Net Assets at Beginning of Year</b>	<u>8,671,265</u>	<u>128,688</u>	<u>8,800,000</u>
<b>Net Assets at End of Year</b>	<u>\$ 9,189,888</u>	<u>\$ 128,688</u>	<u>\$ 9,318,576</u>

The Notes to the Financial Statements are an integral part of these statements.

**HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES**  
**ENTERPRISE FUNDS – STATEMENT OF CASH FLOWS**

YEAR ENDED MARCH 31, 2004

	General	Housing Choice Voucher Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rental receipts	\$ 536,815	\$ 0	\$ 536,815
Other receipts	238,314	129	238,443
Payments to vendors	(916,002)	(212,150)	(1,128,152)
Payments to employees – net	(337,572)	(42,800)	(380,372)
Payments to private landlords	0	(1,231,678)	(1,231,678)
Net Cash Provided (Used) by Operating Activities	<u>(517,815)</u>	<u>(1,483,615)</u>	<u>(2,001,430)</u>
<b>NON-CAPITAL FINANCING ACTIVITIES</b>			
Federal grants	528,706	1,458,148	1,986,854
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>528,706</u>	<u>1,458,148</u>	<u>1,986,854</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase fixed assets	(935,481)	(7,865)	(943,346)
Contributed capital	936,117	0	936,117
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(38)</u>	<u>(7,865)</u>	<u>(8,199)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from investment securities	497,517	0	497,517
Interest income	10,864	0	10,864
Purchase investments	(566,748)	0	(566,748)
Net Cash Provided (Used) from Investment Activities	<u>1,813</u>	<u>0</u>	<u>1,813</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,898	(28,332)	(26,434)
Cash and Cash Equivalents, at Beginning of Year	<u>270,475</u>	<u>118,280</u>	<u>388,755</u>
Cash and Cash Equivalents, at End of Year	<u>\$ 272,373</u>	<u>\$ 89,948</u>	<u>\$ 362,321</u>

The Notes to the Financial Statements are an integral part of these statements.

**HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2004**

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**HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying financial statements of the Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY** Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 48:291) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Natchitoches, serve a staggered term of five years.

The Housing Authority has the following units:

PHA Owned Housing Section 8 Housing Choice Vouchers	FW 2009 LA-113	410 409
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GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the City of Natchitoches since the City of Natchitoches appoints a voting majority of Housing Authority's governing board. The City of Natchitoches is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Natchitoches. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Natchitoches.

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



HOUSING AUTHORITY OF THE CITY OF MATCHETTCHES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2004

All funds of the Housing Authority are classified as proprietary. The general fund accounts for the transactions of the public housing Low Rent program, the Drug Elimination program and the Capital Fund program. The Housing Choice Voucher Fund accounts for the Section 8 Housing Choice Voucher programs.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**New Accounting Standards Adopted** During the year ended March 31, 2004, the Authority adopted three new statements of financial accounting standards issued by the Government Accounting Standards Board (GASB):

- Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.
- Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 23 and 34*.
- Statement No. 38, *Certain Financial Statement Note Disclosures*.

Statement No. 34 (as amended by Statement No.37) represents a very significant change in the financial reporting model used by state and local governments including special purpose governments such as the Housing Authority of the City of Matchettches. This new reporting model requires management to provide a narrative and analysis to the ordinary user called the Management’s Discussion and Analysis (MD&A). This new reporting model also requires the financial statements to be presented on the entity as a whole (government-wide financial statements). The most significant changes to the financial statements are the format, classification of information and the classification of fund equity into various classes of net assets.

**PROPRIETARY FUNDS** Proprietary funds are accounted for on the flow of economic resources measurement basis and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 28, to apply all GASB pronouncements and only FASB pronouncements issued before November 13, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Housing Authority’s funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2004

**D. CASH AND CASH EQUIVALENTS** Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agents. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**E. INVESTMENTS** Investments are limited to I.S.R.S. 33-2935 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are reported/presented as per GASB Statement No. 31:

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

**Definitions:**

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

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

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

**G. INVENTORY** All purchased inventory items are valued at cost using first-in, first-out method. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2004

**I. CAPITAL ASSETS** Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$250. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	15-40 years
Furniture and equipment	5-7 years

General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, sidewalks, and other infrastructure assets acquired subsequent to July 1, 2003.

**J. DEFERRED REVENUES** The Housing Authority reports deferred revenues on its balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

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

**L. RESTRICTED NET ASSETS** Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. INTERFUND ACTIVITY** Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses.

All other interfund transfers are reported as operating transfers. Reimbursements are when one fund incurs cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 MARCH 31, 2004

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

**NOTE 2 – DEPOSITS AND INVESTMENTS** Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name
- Category 3 - Uninsured and unregistered investments held by the counter-party, its trust department, or its agent, but not in the Authority's name

At March 31, 2004 the Housing Authority had Cash equivalents, and investments totaling 3829,307 as follows:

Cash on hand	\$	83
Demand deposits		31,160
Interest-bearing demand deposits		398,809
Time deposits		906,748
Total	\$	<u>928,800</u>
Cash and cash equivalents	\$	333,470
Cash and cash equivalents – restricted		69,089
Investments		386,748
Total	\$	<u>829,307</u>

Deposits are stated at cost, which approximates fair value.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At March 31, 2004, the Housing Authority's carrying amount of deposits was 829,323 and the bank balance was 51,949,834.

**HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

Of the bank balance, \$400,000 was covered by federal depository insurance (FDIASD Category 1). The remaining \$649,858 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (FDIASD Category 2).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement #9, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the collateral bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

Investments during the year were solely in time deposits at banks.

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at March 31, 2004, are as follows:

Class of Receivables	General	Housing Choice Voucher Fund	Total
Local sources:			
Tenants	\$ 150	\$ 0	\$ 150
Federal sources:			
Grants	0	43,904	43,904
<b>Total</b>	<b>\$ 150</b>	<b>\$ 43,904</b>	<b>\$ 44,054</b>

The tenants account receivable is net of an allowance for doubtful accounts of \$2.

**NOTE 4 – CAPITAL ASSETS** The changes in capital assets are as follows:

	Balance 3/31/03	Additions	Deletions	Balance 3/31/04
Land	\$ 956,680	0	0	\$ 956,680
Buildings	15,385,366	877,587	0	16,182,943
Furniture and equipment	1,251,490	68,799	96,219	1,221,990
<b>Total</b>	<b>17,513,496</b>	<b>946,346</b>	<b>96,219</b>	<b>18,361,333</b>
Less: accumulated depreciation				
Buildings	7,387,812	394,113	0	7,781,925
Furniture and equipment	1,669,737	64,207	96,219	1,697,725
<b>Total</b>	<b>8,457,549</b>	<b>458,320</b>	<b>96,219</b>	<b>8,819,650</b>
<b>Fixed assets, net</b>	<b>\$ 9,055,857</b>	<b>\$ 488,026</b>	<b>0</b>	<b>\$ 9,541,883</b>

**HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 5 – RETIREMENT SYSTEM** The Housing Authority participates in the Housing – Renewal and Local Agency Retirement Plan, administered by Brossard, Bush & Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one month of continuous and uninterrupted employment. Plan provisions and changes to plan contributions are determined by the Board of the Housing Authority.

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 13.5 percent of each participant's basic (excludes overtime) compensation. This payment represents a 5.5% contribution by the employee, and an 8% contribution by the Housing Authority.

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority. Normal retirement date shall be the first day of the month following the employee's 65<sup>th</sup> birthday or after 10 years of participation in the plan.

The Housing Authority's contributions were calculated using the base salary amount of \$422,000. The Housing Authority made the required contributions of \$57,600 for the year ended March 31, 2004, of which \$32,568 was paid by the Housing Authority and \$24,448 was paid by employees. No payments were made out of the forfeiture account.

**NOTE 6 – ACCOUNTS PAYABLE** The payables at March 31, 2004 are as follows:

	Housing Choice General Voucher Fund	Total			
Vendors	62,377	4,665	\$	\$	67,002
	\$				
Payroll taxes & Retirement withheld	4,698	0			4,698
Total	67,075	4,665	\$	\$	71,700
	\$				

**NOTE 7 – COMPENSATED ABSENCES** At March 31, 2004, employees of the Housing Authority have accumulated and vested \$51,319 of employee leave computed in accordance with GASB, Codification Section C60.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2004

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

**Litigation.** The Housing Authority is not presently involved in litigation.

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

**Construction Projects.** There are certain renovation or construction projects in progress at March 31, 2004. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred. The outstanding construction commitment was approximately \$250,000 at March 31, 2004.

**Risk Management.** The Housing Authority is exposed to various risks of loss related to theft, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

**NOTE 9 – SUBSEQUENT EVENTS** With HUD approval, the Authority has leased 2,546 acres of land with attached buildings and improvements to the City of Natchitoches. The initial lease term is for ten years, April 1, 2004, through March 31, 2014.

The consideration is the construction and maintenance of a park with playground equipment for the use of the residents of the Irbekoa Drive area, as well as for other local residents.

The City of Natchitoches will provide and be liable for repairs and maintenance, insurance, utilities, and property taxes.

If the lease terms are met, the City has the option to extend the lease for three additional ten year periods, upon giving due notice.

## SUPPLEMENTARY INFORMATION



HOUSING AUTHORITY OF THE CITY OF MATCHTOWNES  
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED MARCH 31, 2004

1. The Actual Modernization Costs are as follows:

		<u>2003</u> Capital Fund		<u>2001</u> Capital Fund
Funds approved	\$	739,273	\$	754,269
Funds expended		<u>739,273</u>		<u>754,269</u>
Excess of funds approved	\$	<u>0</u>	\$	<u>0</u>
Funds advanced	\$	739,273	\$	754,269
Funds expended		<u>739,273</u>		<u>754,269</u>
Excess of funds advanced	\$	<u>0</u>	\$	<u>0</u>

2. The distribution of costs by project as shown on the Final Statements of Modernization Costs dated July 15, 2003 and March 11, 2004 accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

## EXHIBIT B(2)

HOUSING AUTHORITY OF THE CITY OF MATCHPOCRES  
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED MARCH 31, 2004

## CASE BASIS

		2001 <u>Capital Fund</u>		2003 <u>Capital Fund</u>
Funds approved	\$	717,492	\$	598,238
Funds expended		<u>313,208</u>		<u>11,182</u>
Excess of funds approved	\$	<u>404,284</u>	\$	<u>579,236</u>
Funds advanced	\$	313,208	\$	11,182
Funds expended		<u>313,208</u>		<u>11,182</u>
Excess of funds advanced	\$	<u>0</u>	\$	<u>0</u>

## EXHIBIT E(3)

**HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE  
STATEMENT AND CERTIFICATION OF ACTUAL DRUG ELIMINATION COST  
ANNUAL CONTRIBUTION CONTRACT**

YEAR ENDED MARCH 31, 2004

1. The Actual Drug Elimination Costs are as follows:

		2001 DEP
Funds approved	\$	100,734
Funds expended		100,734
Excess of funds approved	\$	0
Funds advanced	\$	100,734
Funds expended		100,734
Excess of funds advanced	\$	0

2. The distribution of costs by project submitted to HUD for approval is in agreement with the PHA's records.
3. All Drug Elimination Costs have been paid and all related liabilities have been discharged through payment.

**MIKE ESTES, P.C.**

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MEMBER-AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

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**Report on Compliance with Requirements Applicable to Each  
Major Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133**

**Housing Authority of the City of Natchitoches  
Natchitoches, Louisiana**

We have audited the compliance of the Housing Authority of the City of Natchitoches, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2004. The Housing Authority of the City of Natchitoches, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of Natchitoches, Louisiana's Management. Our responsibility is to express an opinion on the Housing Authority of the City of Natchitoches, Louisiana's compliance based on our audit.

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

In our opinion, the Housing Authority of the City of Natchitoches, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2004.

### Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. Under state Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mike Estes, P.C.  
Fort Worth, Texas  
September 16, 2004

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ISSUES RELATING  
THEREON OR CONCERNING  
SUBJECT ACCOUNTANTS

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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Governmental Auditing Standards**

Housing Authority of the City of Natchitoches  
Natchitoches, Louisiana

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Natchitoches, Louisiana as of and for the year ended March 31, 2004, which collectively comprise the Housing Authority of the City of Natchitoches, Louisiana's basic financial statements and have issued our report thereon dated September 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Housing Authority of the City of Natchitoches, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Natchitoches's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. Under Louisiana Revised Statute 24:511, this report is distributed by the Legislative Auditor as a public document.

Mike Eatas, P. C.  
Fort Worth, Texas  
September 18, 2004

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2004

FEDERAL GRANTOR PROGRAM TITLE	<u>CFDA NO.</u>	<u>PROGRAM EXPENDITURES</u>
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850	\$ <u>493,475</u>
Drug Elimination Program	14.854	<u>24,399</u>
Housing Choice Voucher	14.870	<u>1,493,890</u>
Public Housing Capital Fund	14.872	<u>946,999</u>
Total United States Department of Housing and Urban Development	\$	<u>2,958,763</u>
Total Expenditures of Federal Awards	\$	<u>2,958,763</u>



**HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED MARCH 31, 2004**

**NOTE 1 - GENERAL.** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of Natchitoches, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

**NOTE 2 - BASIS OF ACCOUNTING.** The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's general-purpose financial statements.

**NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS.** Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

	<u>Federal Sources</u>
Enterprise funds:	
Public Housing	\$ 482,473
Drug Elimination	24,389
Section 8 Housing Choice Vouchers	1,462,080
Capital Fund	946,989
Total	\$ 2,915,931

**NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS.** Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

**NOTE 5 - MAJOR FEDERAL AWARDS PROGRAMS.** The dollar threshold of \$300,000 was used to distinguish between Type A and Type B Federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice FIH 98-14, "federal awards" do not include Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of Housing Authority bonds or for Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit "federal awards expended" threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating activity received during the fiscal year is considered to be "expended" during the fiscal year.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2004

**Financial Statement Audit**

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards to the financial statements.

**Audit of Federal Awards**

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report for audits issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section 510(a).
- vii. The major federal programs are:  

CFDA# 14.871                      Section 8 Housing Choice Voucher
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section 520(b) was \$60,000.
- ix. The auditor qualifies as a low-risk auditor under OMB Circular No. A-133, Section 530.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2004

Prior Audit Findings and Questioned Costs

The prior audit report contained two audit findings, as follows:

Finding #2-01 – Excessive Tenant Accounts Receivable Write-Off

Bad debts write-off were 4% of net rental revenue, an amount considered excessive. The PHA was encouraged to consistently enforce its collection policy.

Bad debts write off was reduced to 1% of net rental revenue in the current year. This finding is cleared.

Finding #3-02 – Inventory of Maintenance Equipment Not Reconciled to the General Ledger

For the prior year, maintenance equipment on-site, including vehicles, had been reconciled to the depreciation schedule at year-end.

For the current year, documentation was reviewed that a reconciliation was done during the audit year. This finding is cleared.

Current Audit Findings

Entity-wide or program/department specific

None