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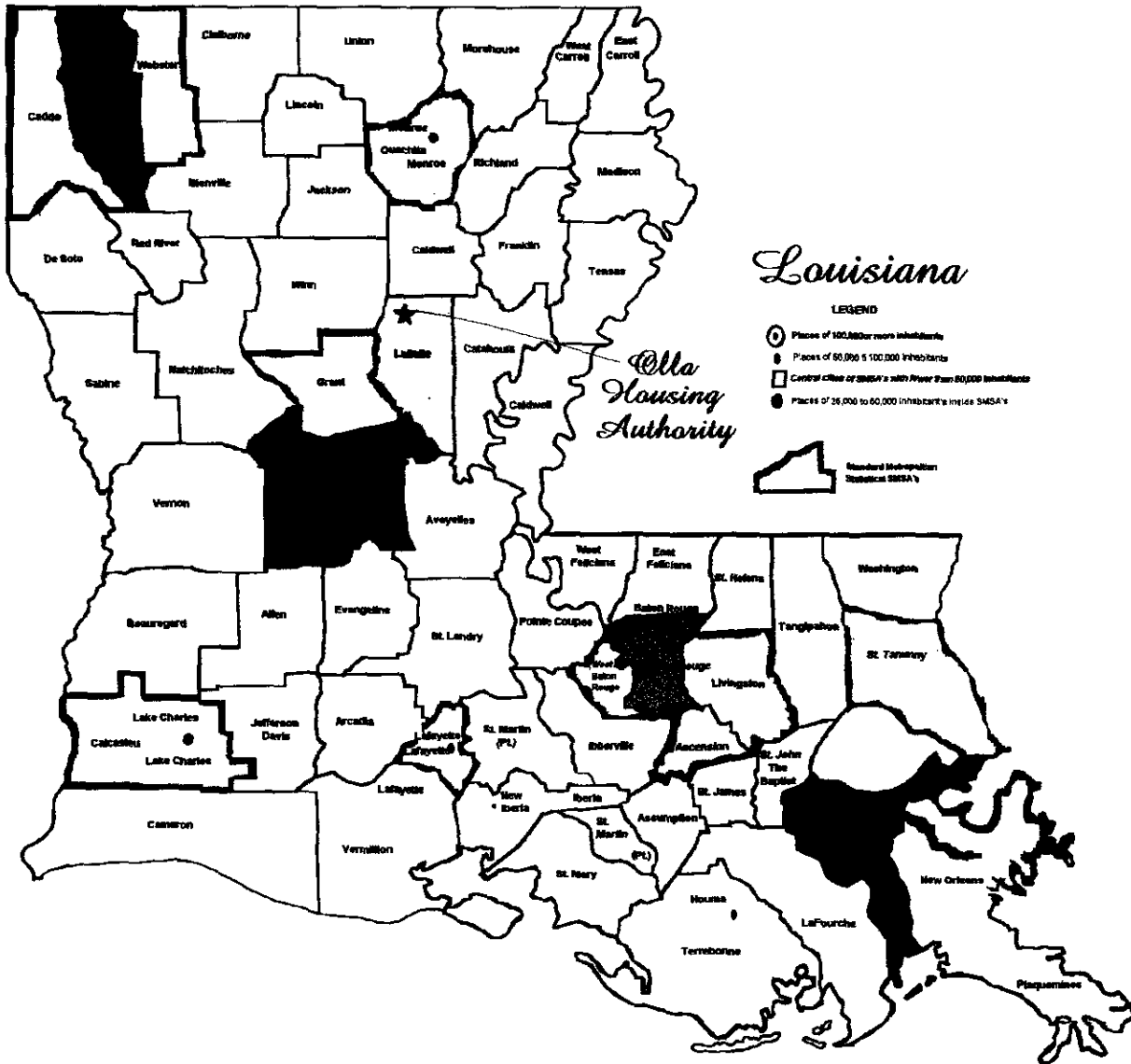
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**Housing Authority
Of
Town of Olla, Louisiana
Financial Statements and
Supplemental Financial Information
June 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-8-04

**HOUSING AUTHORITY OF
THE TOWN OF OLLA
OLLA, LOUISIANA**



The Olla Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. 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-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Olla Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

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

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June 30, 2004**

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Housing Authority of Olla

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Olla, LA 71465

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Olla Housing Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended June, 30, 2004. Please read it in conjunction with the Independent Auditor's Report on page 3-4 and the Authority's financial statements on page 6, 7, 8, 17, 18, 19, 20, and 21.

FINANCIAL HIGHLIGHTS:

- The Authority's total combined capital assets (net of accumulated depreciation of \$1,853,843) were \$509,816 while the total net assets were \$697,481 at June 30, 2004. Bonds and notes of the Authority are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.
- During the year, the Authority has a combined loss before capital contributions and prior period adjustments of \$(215,339). After capital contributions and prior period adjustments there was a net change in assets of (\$96,327).
- In the Authority's business-type activities, expenses increased \$22,825. This rise in expenses was due in part by an increase in depreciation expense of \$8,133 or 6.9%. The Authority had a loss of \$(96,327) after operating revenues of \$81,510 and other revenues of \$117,777 in comparison to a \$(96,893) loss in the prior year. This was due to an increase in capital contributions of \$81,327 and a decrease in HUD operating grants of \$5,576. The Authority had total expenses of \$296,849; of this amount \$171,046 was operating expenses while \$125,803 was depreciation expense which is a non-cash transaction.
- The total cash flow of the Authority's programs had a net decrease in cash of \$4,267 in comparison to a \$19,824 increase for the year-end June 30, 2003.
- This is the first year for the PHA to implement the "GASB 34" reporting model.
- Comparative analysis will be available in future years when prior information becomes available.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This annual report consists of three parts – management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include one kind of statement listed below.

- Proprietary fund statements offer short and long-term financial information about the activities the government manages like a business. These services for which the authority charges tenants a fee are reported in this section.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The Authority has the following type of fund:

- Proprietary Funds

CONTACTING THE AUTHORITY'S FINANCIAL MANGEMENT:

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact Glen Henderson, executive director of the Housing Authority of Olla, 1125 Washington St., Olla, LA 71465, at (318) 495-5996.

JOHN R. VERCHER PC

Certified Public Accountant

P.O.Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

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INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

Housing Authority of the
Town of Olla
Olla, Louisiana

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of Olla, Louisiana as of and for the year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of Olla, Louisiana's, management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Housing Authority of Olla, Louisiana, as of June 30, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 20, 2004 on my consideration of the Housing Authority of Olla, Louisiana internal control over financial reporting and my tests of its compliance with certain provisions of 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.

The Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2004.

The management's discussion and analysis is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Olla, Louisiana, basic financial statements. The introductory section, combining financial statements, financial data schedule (FDS) and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements, financial data schedule (FDS) and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.

Jena, Louisiana

August 20, 2004

John R. Vercher

Basic Financial Statements

**Housing Authority of the Town of Olla
Olla, Louisiana
Combined Statement of Net Assets
June 30, 2004
FW - 438**

ASSETS	Enterprise Funds
Current Assets:	
Cash and cash equivalents	\$ 19,876
Investments	173,033
Receivables (net of allowances for uncollectables)	-0-
Inventory	-0-
Prepaid items	10,155
Total Current Assets	<u>\$ 203,064</u>
Non-Current Assets:	
Capital assets (net of accumulated depreciation)	\$ 509,816
Total Non-Current Assets	<u>\$ 509,816</u>
TOTAL ASSETS	<u>\$ 712,880</u>
LIABILITIES	
Current Liabilities	
Compensated absences	\$ 2,160
Accrued pilot	5,465
Prepaid rents	427
Total Current Liabilities	<u>\$ 8,052</u>
Non-Current Liabilities	
Compensated Absences	\$ 4,122
Tenant security deposits	3,225
Total Non-Current Liabilities	<u>\$ 7,347</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 509,816
Unrestricted	187,665
TOTAL NET ASSETS	<u>\$ 697,481</u>

The accompanying notes are an integral part of this statement.

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

**Combined Statement of Revenues, Expenses, and Changes In
Net Assets – Proprietary Funds
Year Ended June 30, 2004**

FW – 2265

	<u>Enterprise Fund</u>
Operating Revenues:	
Tenant Revenue	\$ 68,476
Other Revenue	13,034
Total Operating Revenue	<u>\$ 81,510</u>
Operating Expenses	
<i>Administration:</i>	
Administrative Salaries	\$ 32,256
EBC Administrative	14,699
Audit / Accounting Fees	5,535
Other Operating - Administrative	26,831
<i>Cost of Sales & Service:</i>	
Tenant Services – Other	349
Water	11,693
Electricity	1,787
Other Utilities	4,620
Ordinary Maintenance – Labor	23,935
Materials	7,579
Contract Cost	6,342
EBC Maintenance	11,468
Insurance	18,487
Payment in Lieu of Taxes	5,465
<i>Depreciation</i>	125,803
Total Operating Expenses	<u>\$ (296,849)</u>
Operating Income (Loss)	<u>\$ (215,339)</u>
Nonoperating Revenue (Expense)	
HUD PHA Operating Grant	\$ 67,096
Federal Grants	48,370
Interest Earnings	2,311
Total Nonoperating Revenue (Expenses)	<u>\$ 117,777</u>
Income (Loss) Before Contributions, Transfers and Prior Period Adjustments	<u>\$ (97,562)</u>
Capital Contributions	\$ -0-
Prior Period Adjustments	1,235
Change in Net Assets	<u>\$ (96,327)</u>
Total Net Assets – Beginning	793,808
Total Net Assets - Ending	<u>\$ 697,481</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Olla
Olla, Louisiana
Combining Statement of Cash Flows
Year Ended June 30, 2004
FW - 438**

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 83,219
Payments to suppliers	(81,985)
Payments to employees	(79,609)
Payment in lieu of taxes	(6,267)
Net Cash Provided by Operating Activities	<u>\$ (84,642)</u>
Cash Flows From NonCapital Financing Activities	
Subsidy from federal grants	\$ 115,466
Net Cash Provided (used) by NonCapital Financing Activities	<u>\$ 115,466</u>
Cash Flows From Capital and Related Financing Activities	
Other	\$ (35,123)
Acquisition and construction of capital assets	(44)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>\$ (35,167)</u>
Cash Flows From Investing Activities	
Investments	\$ (2,235)
Interest and dividends received	2,311
Net Cash Provided (used) by Investing Activities	<u>\$ 76</u>
Net Increase in Cash and Cash Equivalents	\$ (4,267)
Cash, Beginning of Year	24,143
Cash, End of Year	<u>\$ 19,876</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	\$ (215,339)
Depreciation Expense	\$ 125,803
(Increase) decrease in accounts receivable	1,634
(Increase) decrease in other receivables	-0-
Increase (decrease) in allowance for uncollectable accounts	-0-
(Increase) decrease in inventories	(802)
(Increase) decrease in prepaid items	836
Increase (decrease) in customer deposits	75
Increase (decrease) in accounts payable	402
Increase (decrease) in compensated absences	2,749
Total Adjustments	<u>\$ 130,697</u>
Net Cash Provided by Operating Activities	<u>\$ (84,642)</u>
Listing of Noncash Investing, Capital, and Financial Activities	
Contributions of capital assets from government	<u>\$ 35,167</u>

The accompanying notes are an integral part of this statement

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

Notes to the Financial Statements

INTRODUCTION

The Housing Authority of Olla is an apartment complex for persons of low income located in Olla, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Olla, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Olla, Louisiana. Each member serves a four-year term and receives no compensation for their services. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

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-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The housing authority uses enterprise funds to account for its activities.

Separate financial statements are provided for the proprietary funds.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The housing authority reports the following major proprietary funds:

The Low Rent Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority, except those required to be accounted for in another fund.

The CFP Fund is the housing authority's grant operating fund. It accounts for all financial resources of the capital fund projects.

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

Notes to the Financial Statements - (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The housing authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use *restricted resources first, then unrestricted resources as they are needed.*

C. Deposits and Investments

The housing authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the housing authority's investment policy allow the housing authority to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectives.

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

Notes to the Financial Statements - (Continued)

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the government-wide financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>	
Land improvements	20	years
Buildings and building improvements	20	years
Furniture and fixtures	5	years
Vehicles	5	years
Equipment	5	years

G. Compensated Absences

The housing authority has the following policy relating to vacation and sick leave:

The Authority follows the civil service guidelines for vacation and sick leave. Employee's time is accumulated in accordance to hours worked per month. At year-end, time not used is accumulated.

At June 30, 2004, employees of the PHA have accumulated and vested \$6,282 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at June 30, 2004 was \$4,122 recorded as current obligation and \$2,160 recorded as non-current obligation.

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

Notes to the Financial Statements - (Continued)

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At June 30, 2004, the housing authority has cash and investments (book balances) totaling \$192,909 as follows:

Demand deposits	\$ 19,826
Time deposits	173,033
Other	50
	<hr/>
Total	\$ 192,909

These deposits are stated at cost, which approximated 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 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 June 30, 2004, the housing authority has \$195,778 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$95,778 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

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

Notes to the Financial Statements - (Continued)

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the housing authority or its agent in the housing authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the housing authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the housing authority's name.

At fiscal year-end, the housing authority's investment balances were as follows:

Certificate of Deposit	\$	50,000
Certificate of Deposit		50,000
Certificate of Deposit		50,000
Money Market Securities		23,033
		23,033
Total	\$	173,033

<u>Type of Investment</u>	<u>Category</u>			<u>Fair Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
FDIC	\$ 100,000	\$ -0-	\$ -0-	\$ 100,000
FHLMC Note	-0-	73,033	-0-	73,033
	\$ 100,000	\$ 73,033	\$ -0-	\$ 173,033

3. RECEIVABLES

The receivables were \$-0- as of June 30, 2004:

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

Notes to the Financial Statements - (Continued)

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, for the primary government is as follows:

<u>Low Rent</u>	<u>Beginning of Period</u>	<u>Additions</u>	<u>Deletions Transfers</u>	<u>End of Period</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 41,300	\$ -0-	\$ -0-	\$ 41,300
Total capital assets, not being depreciated	\$ 41,300	\$ -0-	\$ -0-	\$ 41,300
Capital assets being depreciated				
Leasehold Improvements	321,908	-0-	-0-	321,908
Buildings	1,788,243	81,327	-0-	1,869,570
Furniture & equipment, etc.	-0-	-0-	-0-	-0-
Total capital assets being depreciated	\$ 2,110,151	\$ 81,327	\$ -0-	\$ 2,191,478
Less accumulated depreciation:	1,728,040	125,803	-0-	\$ 1,853,843
Total business-type assets being depreciated, net	\$ 382,111	\$ (44,476)	\$ -0-	\$ 337,635
 <u>CFP</u>				
Buildings	\$ 180,885	\$ 33,324	\$ (81,327)	\$ 132,882

Depreciation expense of \$125,803 for the year ended June 30, 2004 was charged to the following functions:

Buildings	\$ 125,803
Total Depreciation Expense	\$ 125,803

5. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$8,052 at June 30, 2004 are as follows:

Accrued Pilot	\$ 5,465
Prepaid Rents	427
Accrued Absences	2,160
Total	\$ 8,052

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

Notes to the Financial Statements - (Continued)

6. LONG-TERM OBLIGATIONS

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority, and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.

7. CONTINGENT LIABILITIES

At June 30, 2004, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

**Other Supplemental Statements
and Schedules**

**Housing Authority of the Town of Olla
Olla, Louisiana
Combining Statement of Net Assets
June 30, 2004
FW - 438**

	Enterprise Funds			Total
	Low Rent	Major Enterprise Funds 2002 CFP		
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 19,876	\$ -0-	\$ -0-	\$ 19,876
Investments	173,033	-0-	-0-	173,033
Receivables (net of allowances for uncollectable)	-0-	-0-	-0-	-0-
Inventory	-0-	-0-	-0-	-0-
Prepaid items	10,155	-0-	-0-	10,155
Other assets	-0-	-0-	-0-	-0-
Total Current Assets	\$ 203,064	\$ -0-	\$ -0-	\$ 203,064
Non-Current Assets:				
Capital assets (net of accumulated depreciation)	\$ 378,935	\$ 51,962	\$ 78,919	\$ 509,816
Total Non-Current Assets	\$ 378,935	\$ 51,962	\$ 78,919	\$ 509,816
TOTAL ASSETS	\$ 581,999	\$ 51,962	\$ 78,919	\$ 712,880
LIABILITIES				
Current Liabilities				
Compensated absences	\$ 2,160	\$ -0-	\$ -0-	\$ 2,160
Accrued pilot	5,465	-0-	-0-	5,465
Prepaid rents	427	-0-	-0-	427
Total Current Liabilities	\$ 8,052	\$ -0-	\$ -0-	\$ 8,052
Non-Current Liabilities				
Compensated Absences	\$ 4,122	\$ -0-	\$ -0-	\$ 4,122
Tenant security deposits	3,225	-0-	-0-	3,225
Total Non-Current Liabilities	\$ 7,347	\$ -0-	\$ -0-	\$ 7,347
NET ASSETS				
Invested in capital assets, net of related debt	\$ 378,935	\$ 51,962	\$ 78,919	\$ 509,816
Unrestricted	187,665	-0-	-0-	187,665
TOTAL NET ASSETS	\$ 566,600	\$ 51,962	\$ 78,919	\$ 697,481

The accompanying notes are an integral part of this statement.

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

**Combining Statement of Revenues, Expenses, and Changes In
Net Assets – Proprietary Funds
Year Ended June 30, 2004**

FW – 2265

	Business-Type Activities – Enterprise Funds		
	Other Enterprise Funds	Major Enterprise Funds	
	Low Rent	2003 CFP	2002 CFP
Operating Revenues:			
Tenant Revenue	\$ 68,476	\$ -0-	\$ -0-
Other Revenue	13,034	-0-	-0-
Total Operating Revenue	\$ 81,510	\$ -0-	\$ -0-
Operating Expenses			
<i>Administration:</i>			
Administrative Salaries	\$ 32,256	\$ -0-	\$ -0-
EBC Administrative	14,699	-0-	-0-
Accounting / Auditing	5,535	-0-	-0-
Other Operating - Administrative	11,785	8,922	4,139
<i>Cost of Sales & Service</i>			
Tenant Services - Other	349	-0-	-0-
Water	11,693	-0-	-0-
Electricity	1,787	-0-	-0-
Garbage	4,620	-0-	-0-
Ordinary Maintenance – Labor	23,935	-0-	-0-
Materials	7,579	-0-	-0-
Contract Cost	6,342	-0-	-0-
EBC Maintenance	11,468	-0-	-0-
Insurance	18,487	-0-	-0-
Payment in Lieu of Taxes	5,465	-0-	-0-
Depreciation	125,803	-0-	-0-
Total Operating Expenses	\$ 281,803	\$ 8,922	\$ 4,139
Operating Income (Loss)	\$ (200,293)	\$ (8,922)	\$ (4,139)
Non-operating Revenue (Expense)			
HUD PHA Operating Grant	\$ 67,096	\$ -0-	\$ -0-
Federal Grants	-0-	8,922	37,419
Interest Earnings	2,311	-0-	-0-
Total Non-operating Revenue (Expenses)	\$ 69,407	\$ 8,922	\$ 37,419
Income (Loss) Before Contributions, Transfers and Prior Period Adjustments	\$ (130,886)	\$ -0-	\$ 33,280
Capital Contributions	81,327	-0-	-0-
Prior Period Adjustment	1,235	-0-	-0-
Change in Net Assets	\$ (48,324)	\$ -0-	\$ 33,280
Total Net Assets – Beginning	614,924	-0-	45,639
Total Net Assets - Ending	\$ 566,600	\$ -0-	\$ 78,919

The accompanying notes are an integral part of this statement.

Business-Type Activities – Enterprise Funds

Major Enterprise Funds

2001 CFP	2000 CFP	Total
\$ -0-	\$ -0-	\$ 68,476
-0-	-0-	13,034
\$ -0-	\$ -0-	\$ 81,510
\$ -0-	\$ -0-	\$ 32,256
-0-	-0-	14,699
-0-	-0-	5,535
1,985	-0-	26,831
-0-	-0-	349
-0-	-0-	11,693
-0-	-0-	1,787
		4,620
-0-	-0-	23,935
-0-	-0-	7,579
-0-	-0-	6,342
-0-	-0-	11,468
-0-	-0-	18,487
-0-	-0-	5,465
-0-	-0-	125,803
\$ 1,985	\$ -0-	\$ 296,849
\$ (1,985)	\$ -0-	\$ (215,339)
\$ -0-	\$ -0-	\$ 67,096
2,029	-0-	48,370
-0-	-0-	2,311
\$ 2,029	\$ -0-	\$ 117,777
\$ 44	\$ -0-	\$ (97,562)
-0-	(81,327)	-0-
-0-	-0-	1,235
\$ 44	\$ (81,327)	\$ (96,327)
51,918	81,327	793,808
\$ 51,962	\$ -0-	\$ 697,481

The accompanying notes are an integral part of this statement.

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

**Combining Statement of Cash Flows
Year Ended June 30, 2004
FW - 438**

	Enterprise Funds		
	Low Rent	Major Enterprise Funds	
		2003 CFP	2002 CFP
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 83,219	\$ -0-	\$ -0-
Payments to suppliers	(66,939)	(8,922)	(4,139)
Payments to employees	(79,609)	-0-	-0-
Payment in lieu of taxes	(6,267)	-0-	-0-
Net Cash Provided by Operating Activities	\$ (69,596)	\$ (8,922)	\$ (4,139)
Cash Flows From NonCapital Financing Activities			
Subsidy from federal grants	\$ 67,096	\$ 8,922	\$ 37,419
Net Cash Provided (used) by NonCapital Financing Activities	\$ 67,096	\$ 8,922	\$ 37,419
Cash Flows From Capital and Related Financing Activities			
Other	\$ (1,843)	\$ -0-	\$ -0-
Acquisition and construction of capital assets	-0-	-0-	(33,280)
Net Cash Provided (used) by Capital and Related Financing Activities	\$ (1,843)	\$ -0-	\$ (33,280)
Cash Flows From Investing Activities			
Investments	\$ (2,235)	\$ -0-	\$ -0-
Interest and dividends received	2,311	-0-	-0-
Net Cash Provided (used) by Investing Activities	\$ 76	\$ -0-	\$ -0-
Net Decrease in Cash	\$ (4,267)	\$ -0-	\$ -0-
Cash, Beginning of Year	24,143	-0-	-0-
Cash, End of Year	\$ 19,876	\$ -0-	\$ -0-
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities			
Operating Income	\$ (200,293)	\$ (8,922)	\$ (4,139)
Depreciation Expense	\$ 125,803	\$ -0-	\$ -0-
(Increase) decrease in accounts receivable	1,634	-0-	-0-
(Increase) decrease in inventories	-0-	-0-	-0-
(Increase) decrease in accrued pilot	(802)	-0-	-0-
(Increase) decrease in prepaid items	836		
Increase (decrease) in customer deposits	75	-0-	-0-
Increase (decrease) in accounts payable	402	-0-	-0-
Increase (decrease) in compensated absences	2,749		
Total Adjustments	\$ 130,697	\$ -0-	\$ -0-
Net Cash Provided by Operating Activities	\$ (69,596)	\$ (8,922)	\$ (4,139)
Listing of Noncash Investing, Capital, and Financial Activities			
Contributions of capital assets from government	\$ 83,170	\$ -0-	\$ 33,280

The accompanying notes are an integral part of this statement

Enterprise Funds

Major Enterprise Funds		
2001	2000	Total
CFP	CFP	
\$ -0-	\$ -0-	\$ 83,219
(1,985)	-0-	(81,985)
-0-	-0-	(79,609)
-0-	-0-	(6,267)
<u>\$ (1,985)</u>	<u>\$ -0-</u>	<u>\$ (84,642)</u>
\$ 2,029	\$ -0-	\$ 115,466
<u>\$ 2,029</u>	<u>\$ -0-</u>	<u>\$ 115,466</u>
\$ (44)	\$ -0-	\$ (35,123)
(44)	-0-	(44)
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (35,167)</u>
\$ -0-	\$ -0-	\$ (2,235)
-0-	-0-	2,311
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>76</u>
\$ -0-	\$ -0-	\$ (4,267)
-0-	-0-	24,143
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 19,876</u>
<u>\$ (1,985)</u>	<u>\$ -0-</u>	<u>(215,399)</u>
\$ -0-	\$ -0-	125,803
-0-	-0-	1,634
-0-	-0-	-0-
-0-	-0-	(802)
-0-	-0-	836
-0-	-0-	75
-0-	-0-	402
-0-	-0-	2,749
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 130,679</u>
<u>\$ (1,985)</u>	<u>\$ -0-</u>	<u>\$ (84,642)</u>
<u>\$ 44</u>	<u>\$ (81,327)</u>	<u>\$ 35,167</u>

The accompanying notes are an integral part of this statement

**Housing Authority of the Town of Olla
Olla, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended June 30, 2004
FW - 438**

Board Member	Title	Salary
Mike Duke	Chairman	\$ -0-
Curtis Richardson	Commissioner	-0-
Helen Barksdale	Commissioner	-0-
Rachel Tatum	Commissioner	-0-
Marty Chapman	Commissioner	-0-

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

**Statement and Certification of Actual Modernization Cost
Annual Contribution Contract
FW - 438**

	<u>Project 2003-502</u>	<u>Project 2003-501</u>	<u>Project 2002</u>	<u>Project 2001</u>	<u>Total</u>
1. The Actual Modernization Costs are as follows:					
Funds Approved	\$ 15,380	\$ 77,169	\$ 93,790	\$ 96,576	\$ 282,915
Funds Expended	-0-	(8,922)	(69,608)	(96,576)	(175,106)
<i>Excess of Funds Approved</i>	<u>\$ 15,380</u>	<u>\$ 68,247</u>	<u>\$ 24,182</u>	<u>\$ -0-</u>	<u>\$ 107,809</u>
2. Funds Advanced	\$ -0-	\$ 8,922	\$ 69,608	\$ 96,576	\$ 175,106
Funds Expended	-0-	(8,922)	(69,608)	(96,576)	(175,106)
Excess of Funds Advanced	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of this statement.

Other Reports

JOHN R. VERCHER PC

Certified Public Accountant

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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

Housing Authority of the
Town of Olla
Olla, Louisiana

I have audited the financial statements of the business-type activities of the Housing Authority of the Town of Olla, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Housing Authority of the Town of Olla's basic financial statements and have issued my report thereon dated August 20, 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 Housing Authority of the Town of Olla, Louisiana'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority of the Town of Olla, Louisiana'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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be 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 risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

John R. Versher

August 20, 2001
Jena, Louisiana

**HOUSING AUTHORITY OF THE TOWN OF OLLA
OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2004**

I have audited the basic financial statements which collectively comprise the Housing Authority of the Town of Olla, Louisiana, as of and for the year ended June 30, 2004 and have issued my report thereon dated August 20, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weaknesses Yes No Reportable Conditions Yes No

Compliance
Compliance Material to Financial Statements Yes No

b. Federal Awards – (Not Applicable)

Internal Control
Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

c. Identification Of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)
------------------------	---

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

**HOUSING AUTHORITY OF THE TOWN OF OLLA
OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2004**

Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

**HOUSING AUTHORITY OF THE TOWN OF OLLA
OLLA, LOUISIANA**

Status of Prior Year Findings

For the Year Ended June 30, 2004

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Olla, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2003.

There were no prior year findings.

JOHN R. VERCHER PC

Certified Public Accountant

P.O.Box 1608

Jena, Louisiana 71342

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Fax: (318) 992-4374

MANAGEMENT LETTER COMMENTS

During the course of my audit, I observed conditions and circumstances that may be improved. Below are findings noted for improvement, my recommendation for improvement and the Housing Authority's plan for corrective action.

There are no current year comments.

PHA: LA124 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$68,476	\$0	\$68,476
704	Tenant Revenue - Other	\$5,318	\$0	\$5,318
705	Total Tenant Revenue	\$73,794	\$0	\$73,794
706	HUD PHA Operating Grants	\$67,096	\$0	\$67,096
706.1	Capital Grants	\$0	\$48,370	\$48,370
711	Investment Income - Unrestricted	\$2,311	\$0	\$2,311
715	Other Revenue	\$7,716	\$0	\$7,716
700	Total Revenue	\$150,917	\$48,370	\$199,287

PHA: LA124 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$32,256	\$0	\$32,256
915	Employee Benefit Contributions - Administrative	\$14,699	\$0	\$14,699
916	Other Operating - Administrative	\$17,320	\$15,046	\$32,366
924	Tenant Services - Other	\$349	\$0	\$349
931	Water	\$11,693	\$0	\$11,693
932	Electricity	\$1,787	\$0	\$1,787
938	Other Utilities Expense	\$4,620	\$0	\$4,620
941	Ordinary Maintenance and Operations - Labor	\$23,935	\$0	\$23,935
942	Ordinary Maintenance and Operations - Materials and Other	\$7,579	\$0	\$7,579
943	Ordinary Maintenance and Operations - Contract Costs	\$6,342	\$0	\$6,342
945	Employee Benefit Contributions - Ordinary Maintenance	\$11,468	\$0	\$11,468
961	Insurance Premiums	\$18,487	\$0	\$18,487
963	Payments in Lieu of Taxes	\$5,465	\$0	\$5,465
969	Total Operating Expenses	\$156,000	\$15,046	\$171,046
970	Excess Operating Revenue over Operating Expenses	\$-5,083	\$33,324	\$28,241
974	Depreciation Expense	\$125,803	\$0	\$125,803
900	Total Expenses	\$281,803	\$15,046	\$296,849
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-130,886	\$33,324	\$-97,562

PHA: LA124 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$614,924	\$180,885	\$795,809
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$82,562	\$-83,328	\$-766
1120	Unit Months Available	531	0	531
1121	Number of Unit Months Leased	512	0	512

PHA: LA124 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$19,876	\$0	\$19,876
100	Total Cash	\$19,876	\$0	\$19,876
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$0
131	Investments - Unrestricted	\$173,033	\$0	\$173,033
142	Prepaid Expenses and Other Assets	\$10,155	\$0	\$10,155
150	Total Current Assets	\$203,064	\$0	\$203,064
161	Land	\$41,300	\$0	\$41,300
162	Buildings	\$1,869,570	\$0	\$1,869,570
165	Leasehold Improvements	\$321,908	\$0	\$321,908
166	Accumulated Depreciation	\$-1,853,843	\$0	\$-1,853,843
167	Construction In Progress	\$0	\$130,881	\$130,881
160	Total Fixed Assets, Net of Accumulated Depreciation	\$378,935	\$130,881	\$509,816
180	Total Non-Current Assets	\$378,935	\$130,881	\$509,816
190	Total Assets	\$581,999	\$130,881	\$712,880

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$427	\$0	\$427
322	Accrued Compensated Absences - Current Portion	\$2,160	\$0	\$2,160
333	Accounts Payable - Other Government	\$5,465	\$0	\$5,465
341	Tenant Security Deposits	\$3,225	\$0	\$3,225
310	Total Current Liabilities	\$11,277	\$0	\$11,277
354	Accrued Compensated Absences - Non Current	\$4,122	\$0	\$4,122
350	Total Noncurrent Liabilities	\$4,122	\$0	\$4,122
300	Total Liabilities	\$15,399	\$0	\$15,399
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$378,935	\$130,881	\$509,816
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$187,665	\$0	\$187,665
513	Total Equity/Net Assets	\$566,600	\$130,881	\$697,481
600	Total Liabilities and Equity/Net Assets	\$581,999	\$130,881	\$712,880