

**Housing Authority of the
CITY OF PONCHATOULA**
Ponchatoula, Louisiana

**Basic Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended June 30, 2004
With Supplemental Information Schedules**

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

**5150 Highway 22, Suite C-14
Mandeville, Louisiana 70471**

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

Release Date 1-26-05

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
Ponchatoula, Louisiana
General-Purpose Financial Statements
As of and for the Fiscal Year Ended June 30, 2004
With Supplemental Information Schedules

CONTENTS

	Exhibit	Page
Independent Auditor's Report		3
Management's Discussion and Analysis		5
Basic Financial Statements:		
Statement of Net Assets	A	13
Statement of Revenues, Expenses and Changes in Net Assets	B	14
Statement of Cash Flows	C	15
Notes to the Financial Statements		16
	Schedule	Page
Financial Data Schedule	1	23
Schedule of Expenditures of Federal Awards	2	28
Report on Internal Control Over Financial Reporting And On Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		29
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		31
Schedule of Compensation Paid Board Members	3	33
Schedule of Prior Audit Findings	4	34
Schedule of Current Year Findings and Questioned Costs	5	35

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic financial statements of the Housing Authority of the City of Ponchatoula (the authority) as of and for the year ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the 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.

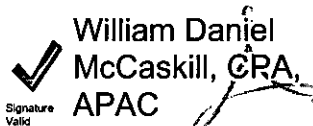
In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Ponchatoula as of June 30, 2004, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A 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*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 38, *Certain Financial Statement Note Disclosures as of July 1, 2002*. This results in a change in the format and content of the basic financial statements. Additionally, the authority adopted the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units* an amendment of GASB Statement 14.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 18, 2004 on my consideration of the authority's internal control over financial reporting and on my 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 and should be considered in assessing the results of my audit.

The management's discussion and analysis on pages 5 through 12, is not a required part of the basic financial statements but is supplemental 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 an opinion on the authority's basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, and is not a required part of the basic financial statements of the authority. The accompanying Financial Data Schedule, required by HUD, is presented for purposes of additional analysis, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards and the Financial Data Schedule 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.


Signature
Valid

Digitally signed by
William Daniel
McCaskill, CPA, APAC
DN: cn=William Daniel
McCaskill, CPA,
APAC, o=US
Date: 2004.12.28
16:28:37 -0800

William Daniel McCaskill, CPA
A Professional Accounting Corporation

November 18, 2004

HOUSING AUTHORITY OF PONCHATOULA, LOUISIANA
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2004

Housing Authority of Ponchatoula, Louisiana
Management's Discussion and Analysis (MD&A)
June 30, 2004

The management of the Housing Authority of Ponchatoula, Louisiana presents the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending June 30, 2004. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The Housing Authority's assets exceeded its liabilities by \$2,123,659 at the close of the fiscal year ended 2004.
 - ✓ Of this amount, \$329,816 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 40 percent, equivalent to about 5 months, of the total operating expenses for the fiscal year 2004.
 - ✓ The remainder of \$1,793,843 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
- The Housing Authority's total net assets decreased by only \$10,228, a ½% decrease from the prior fiscal year 2003. This decrease is attributable to significant decreases in revenues from HUD that were greater than some of the moderate increases in various expenses, described in more detail below.
- Despite the slight decrease in total net assets, the Housing Authority was able to purchase \$213,026 in capital assets, and spend \$10,345 for new construction projects during the current fiscal year.
- The Housing Authority continues to operate without the need for debt borrowing during the current fiscal year. The primary source of funding for these activities continues to be HUD.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2004?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities

Housing Authority of Ponchatoula, Louisiana
Management's Discussion and Analysis (MD&A)
June 30, 2004

using the *accrual basis* of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported in a single enterprise fund. 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 enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in a single enterprise fund. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant three programs, the Low Rent Housing Program, Housing Choice Voucher Program, and Public Housing Capital Fund Program.

The Housing Authority's auditors provided assurance in their independent auditors' report, immediately preceding the MD&A, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$2,123,659 as of June 30, 2004. Of this amount, \$1,793,843 was invested in capital assets, and the remaining \$329,816 was unrestricted. No other assets are currently restricted.

Housing Authority of Ponchatoula, Louisiana
Management's Discussion and Analysis (MD&A)
June 30, 2004

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet

As of June 30, 2004

ASSETS

Current Assets	\$ 421,089
Capital Assets, Net of Depreciation	<u>1,793,843</u>
Total Assets	<u>2,214,932</u>

LIABILITIES

Current Liabilities	42,076
Non-Current Liabilities	<u>49,197</u>
Total Liabilities	<u>91,273</u>

NET ASSETS

Invested in Capital Assets	1,793,843
Unrestricted	<u>329,816</u>
Total Net Assets	<u>2,123,659</u>
Total Liabilities and Net Assets	<u>2,214,932</u>

Housing Authority of Ponchatoula, Louisiana
Management's Discussion and Analysis (MD&A)
June 30, 2004

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds decreased by \$10,228, or by ½%, from those of fiscal year 2003, as explained below:

**Condensed Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Fiscal Year Ended June 30, 2004**

Operating Revenues	
Annual contributions - Housing Assistance Payments	\$ 199,820
Public housing operating subsidy	189,748
Operating grants	8,763
Dwelling rental	<u>182,196</u>
Total operating revenues	<u>580,527</u>
Operating Expenses	
Housing Assistance Payments	170,818
General and administrative	216,872
Repairs and maintenance	144,132
Utilities	44,227
Tenant services	1,208
Protection services	12,525
Depreciation and amortization	<u>232,986</u>
Total operating expenses	<u>822,768</u>
Operating loss	(242,241)
Nonoperating Revenues:	
Capital grants	223,371
Interest revenue	3,234
Miscellaneous revenues	<u>5,408</u>
Total nonoperating revenues	<u>232,013</u>
Net Change in Assets	(10,228)
Net assets, beginning of year	<u>2,133,887</u>
Net assets, end of year	<u><u>2,123,659</u></u>

Housing Authority of Ponchatoula, Louisiana
Management's Discussion and Analysis (MD&A)
June 30, 2004

The decrease in net assets of these funds was accompanied by an increase in unrestricted cash by \$13,957 from fiscal year 2003, primarily due to increases from investing activities.

In future years, a comparative analysis of Authority-wide data with the prior year will be presented. (A comparative analysis for the current year is not required by accounting standards followed by the Authority.)

Compared with the prior fiscal year, total revenues decreased \$119,855, or by 13%, due to:

- A \$140,172 decrease in funding from HUD for capital projects, minus an increase of \$23,732 in funding from HUD for operations, for an overall net decrease of 16% from fiscal year 2003. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal year 2003, and is awaiting approval of a grant submitted during fiscal year 2004.
- Despite no change in occupancy levels since fiscal year 2003, rental revenues increased \$8,789, or by 5%, due to a decrease in the mix of Section 8 tenants who are subsidized by Federal grants.
- Other revenues, primarily interest income, decreased by \$9,209 from the prior year due to usage of cash funds for significant leasehold improvements during the current year, described further below.

Compared with the prior fiscal year, total expenses increased \$29,339, or by 4%, due to a combination of increases in nearly all categories of expense, and some offsetting decreases:

- An increase by 17% in ordinary repairs and maintenance due to two factors. There were increases in plumbing repairs during the current year. Also, numerous replacement stoves and refrigerators were purchased, which are treated as maintenance according to the Authority's capitalization policy.
- An increase by 6% in depreciation expense due to significant addition of \$213,026 in capital assets.
- An increase by 2%, in administrative expenses, attributable primarily to an increase in administrative salaries and benefits.
- An increase in protective services by 35%, due to hiring a guard that was willing to work increased hours.
- An increase by 1% in payments to the landlord for Housing Assistance from HUD.
- In fiscal year 2003, there were extraordinary repairs that were not incurred again during 2004, leading to a reduction of over \$5,550 in this category expenses.
- A decrease by 8% in waste removal utilities. There was no significant change in other utilities expenses.

Housing Authority of Ponchatoula, Louisiana
Management's Discussion and Analysis (MD&A)
June 30, 2004

- An 11% decrease in general expenses due to a 45% decrease in payments in lieu of taxes from a waiver of some prior years payments in lieu of taxes by the local taxing authorities.

Net Assets therefore increased \$10,228 or by ½%, due to the combined effect of the excess of revenues over expenses. This change led to decreases in total assets of \$14,439 and in liabilities of \$4,210.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the Housing Authority had \$6,103,620 invested in a broad range of assets, listed below, and construction in progress from projects funded in 2003. This amount, not including depreciation, represents increases of \$223,371 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets,
Net of Accumulated Depreciation
As of June 30, 2004**

Land	\$ 78,941
Buildings	1,285,157
Furniture and Equipment	20,416
Leasehold Improvements	273,599
Construction in Progress	<u>135,730</u>
Total	<u>1,793,843</u>

As of the end of the 2004 fiscal year, the Housing Authority is still in the process of completing HUD grants of \$217,474 obtained during 2003 fiscal year. A total remainder of \$78,193 will be received and spent for completing these projects during fiscal year 2005.

Additional major capital projects of \$210,007, which are still awaiting approval, are planned for the 2005 fiscal year from a HUD grant submitted during fiscal year 2004.

Debt

Long-term debt includes accrued annual vacation and sick leave. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

Housing Authority of Ponchatoula, Louisiana
Management's Discussion and Analysis (MD&A)
June 30, 2004

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 Federal budget than by local economic conditions. The budgets for 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 Funds 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, 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 Jean Mascair, Executive Director, at the Housing Authority of Ponchatoula, Louisiana telephone number (985) 386-3257.

Exhibit A

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
Ponchatoula, Louisiana
Statement of Net Assets
As of June 30, 2004

ASSETS	
Current assets	
Cash and cash equivalents	\$ 375,913
Receivables:	
Intergovernmental	181
Tenant rents, net of allowance	438
Miscellaneous	157
Prepaid insurance	18,704
Inventory	<u>6,345</u>
Total current assets	<u>401,738</u>
Restricted assets	
Cash and cash equivalents	<u>19,351</u>
Noncurrent assets	
Capital assets:	
Land	78,941
Buildings and improvements	5,745,567
Furniture and equipment	143,384
Construction in progress	135,730
Less accumulated depreciation	<u>(4,309,779)</u>
Capital assets, net of accumulated depreciation	<u>1,793,843</u>
Total assets	<u>2,214,932</u>
LIABILITIES	
Current Liabilities	
Accounts payable	7,930
Accrued wages payable	3,203
Accrued compensated absences	4,694
Payable to other governments	<u>6,898</u>
Total current liabilities	<u>22,725</u>
Liabilities Payable from Restricted Assets	
Security deposit liability	<u>19,351</u>
Noncurrent liabilities	
Accrued compensated absences	<u>49,197</u>
Total liabilities	<u>91,273</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,793,843
Unrestricted	<u>329,816</u>
Total net assets	<u>\$ 2,123,659</u>

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

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
Ponchatoula, Louisiana
Statement of Revenues, Expenses, and Changes In Net Assets
For Fiscal Year Ended June 30, 2004

Operating Revenues	
Annual contributions - Housing Assistance Payments	\$ 199,820
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
Ponchatoula, Louisiana
Statement of Cash Flows
For Fiscal Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 182,526
Cash provided by non-capital Federal grants	398,925
Cash payments to suppliers for goods and services	(229,496)
Cash payments to employees for services	(201,523)
Cash payments to landlords	<u>(170,818)</u>
Net cash used by operating activities	<u>(20,386)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other cash receipts	<u>6,530</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net cash transferred between funds	-
Acquisition of capital assets	(223,370)
Cash provided by Federal capital grants	<u>228,408</u>
Net cash used by capital and related financing activities	<u>5,038</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash provided by interest received on investments and other revenue	<u>4,019</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,799)
CASH AND CASH EQUIVALENTS, Beginning of Fiscal Year	<u>380,712</u>
CASH AND CASH EQUIVALENTS, End of Fiscal Year	<u><u>375,913</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Loss from Operations	<u>(242,241)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	232,986
Changes in assets and liabilities:	-
Decrease in accounts receivable	926
Increase in prepaid expenses and inventories	(5,922)
Increase in accounts payable	(561)
Increase in accrued salaries and benefits	(5,002)
Decrease in other liabilities	(572)
Increase in security deposits due to tenants	<u>-</u>
Total adjustments	221,855
Net cash used by operating activities	<u><u>(20,386)</u></u>

There were no noncash investing, capital or financing transactions.
The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA

Ponchatoula, Louisiana

Notes to the Financial Statements

For Fiscal Year Ended June 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Reporting Entity

The Housing Authority of The City of Ponchatoula (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the City of Ponchatoula, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of *five members appointed by the city and serve five-year staggered terms*. The Board of the authority exercises all powers granted to the authority.

The Board has the final responsibility for:

1. Approving budgets.
2. Exercising control over facilities and properties.
3. Controlling the use of funds generated by the authority
4. Approving the hiring and firing of key personnel
5. Financing improvements.

The financial statements were prepared in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. The authority is financially accountable for a component unit if it appoints a voting majority of the organization's board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, or impose specific financial burdens on the authority.

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

(2) Government-wide financial statements

The government-wide financial statements (i.e. the statement of net assets and the statement of revenues, expenses and changes in net assets) report information on all of the activities of the authority.

(3) Measurement focus, basis of accounting, and financial statement presentation

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

The accompanying financial statements include the activities of several housing programs subsidized by HUD. A summary of each significant program is provided below.

Low Income Housing Program

The purpose of the low income housing program is to provide decent and affordable housing to low income families at reduced rents. The developments are owned, maintained and managed by the authority. The developments are acquired, developed and modernized under HUD's capital funds programs. Funding of the program operations is provided via federal annual contribution contracts (operating subsidies) and tenant rents (determined as a percentage of family income, adjusted for family composition).

Housing Assistance Program

The housing assistance payment program utilizes existing privately owned family rental housing units to provide decent and affordable housing to low income families. Funding of the program is provided by federal annual housing assistance contributions from HUD, which provide for the difference between the approved landlord contract rent and the rent paid by the tenant.

The government-wide financial statements have been prepared in accordance with accounting principals generally accepted in the United States of America. The authority maintains its accounts in accordance with the chart of accounts prescribed by the U.S. Department of Housing and Urban Development (HUD). For financial reporting purposes, the authority reports all of its operations in a single enterprise fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed, to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. The authority also has the *option* of following subsequent private-sector guidance, subject to the same limitations. The authority has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 authority's enterprise fund are HUD Operating Subsidies, Section 8 Housing Assistance Subsidies, Section 8 Management Fees and tenant dwelling rents. Operating expenses include Section 8 Housing Assistance Payments, General and Administrative expenses, repairs and maintenance expenses, and depreciation and amortization 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 authority's policy to use restricted resources first, then unrestricted resources as they are needed.

(4) New Accounting Standards Adopted

During the year ended June 30, 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. 21 and 34*.
- Statement No. 38, *Certain Financial Statement Note Disclosures*.
- Statement No. 39, *Determining Whether Certain Organizations Are Component Units an amendment of GASB Statement 14*.

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 Ponchatoula. This new reporting model requires management to provide a narrative and analysis to the ordinary user called 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.

(5) Assets, liabilities, and net assets

(a) Deposits and Investments

The 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. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government. Investments for the authority are reported at fair value.

(b) Inventory and prepaid items

All inventories are valued on a first-in first-out (FIFO) basis. Inventories consist of *expendable building materials and supplies held for consumption in the course of the authority's operations*.

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

(c) Restricted Assets

Cash equal to the amount of tenant security deposits is reflected as restricted.

Housing Authority of the City of Ponchatoula
Ponchatoula, Louisiana
Notes to the Financial Statements, 2004 – continued

(d) Capital assets

Capital assets, which include land, buildings, improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the authority as assets with an initial, individual cost of more than \$500 (amount not rounded). Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance 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 during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

Buildings	33 years
Modernization and improvements	15 years
Furniture and equipment	3-7 years

(e) Due from other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for HUD grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At June 30, 2004, the management of the authority determined that accounts receivable were immaterial and an allowance for doubtful accounts was not considered necessary.

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," vacation and sick pay is accrued when incurred and reported as a liability.

Employees earn annual and sick leave according to the policy for state employees. Employees may accumulate an unlimited number of annual leave hours and may receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. However, one employee, per written contract, shall be paid for twelve months service upon separation from employment with the authority. Employees are not compensated for unused sick leave.

Housing Authority of the City of Ponchatoula
Ponchatoula, Louisiana
Notes to the Financial Statements, 2004 – continued

(h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 government-wide financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND CASH EQUIVALENTS

See Note A for discussion of policies related to cash and cash equivalents. At June 30, 2004, the authority has cash and cash equivalents (book balances) totaling \$395,264 as follows:

Interest-bearing demand deposits	\$134,350
Time deposits	<u>260,914</u>
Total cash and cash equivalents	<u>\$395,264</u>
Unrestricted	\$375,913
Restricted	<u>19,351</u>
Total cash and cash equivalents	<u>\$395,264</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2004, the authority has \$414,116 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

GASB Category 1	\$200,000
GASB Category 2	-
GASB Category 3	<u>214,116</u>
Total	<u>\$414,116</u>

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

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2004 was as follows:

	<i>Beginning</i> Balance	Additions	Deletions	Adjustment	<i>Ending</i> Balance
Land	\$78,941	-	-	-	\$78,941

Housing Authority of the City of Ponchatoula
Ponchatoula, Louisiana
Notes to the Financial Statements, 2004 – continued

Building and improvements	5,532,543	\$217,696	-	\$(4,672)	5,745,567
Furniture and equipment	143,384	-	-	-	143,384
Construction in progress	125,385	10,345	-	-	135,730
Total	<u>\$5,880,253</u>	<u>\$228,041</u>	<u>-</u>	<u>\$(4,672)</u>	<u>\$6,103,622</u>
Less Accumulated Depreciation:					
Building and improvements	3,961,816	224,996	-	-	4,186,812
Furniture and equipment	114,977	7,990	-	-	122,967
Total accumulated depreciation	<u>4,076,793</u>	<u>232,986</u>	<u>-</u>	<u>-</u>	<u>4,309,779</u>
Net Capital Assets	<u>\$1,803,460</u>	<u>\$(4,945)</u>	<u>-</u>	<u>\$(4,672)</u>	<u>\$1,793,843</u>

NOTE D - CONSTRUCTION COMMITMENTS

The authority has active construction projects as of June 30, 2004. At year end, the commitments for modernization projects are as follows:

	Expended to Date	Remaining Commitment
2003 Capital Fund Program	<u>\$136,790</u>	<u>\$29,246</u>

NOTE E - RETIREMENT PLAN

The authority participates in the Housing-Renewal and Local Agency Retirement Plan, administered by Broussard 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 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 six months of continuous and uninterrupted employment. Plan provisions and changes to the plan contributions are determined by the Board of the 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 8 to 12 percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute 5 percent of their annual covered salary and may elect to contribute an additional 5 percent of their annual covered salary.

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority. Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday or after ten years of participation in the plan.

The authority's total payroll for the year ended June 30, 2004, was \$146,932. The authority's contributions were calculated using the base salary amount of \$126,434. The authority made the required contributions of \$13,278 for the year ended June 30, 2004.

NOTE F - RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE G - FEDERAL COMPLIANCE CONTINGENCIES

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

NOTE H - SUBSEQUENT EVENTS

Subsequent to the fiscal year end, the authority entered in a partnership agreement to build and operate a 30 unit elderly housing facility within the city limits of Ponchatoula, Louisiana. The mixed finance development includes a bank loan in which all general partners except the authority are personally liable. The development includes Low Income Housing Tax Credits (LIHTC) and an Investment Limited Partner who is planning to purchase the tax credits.

The authority has a .0025% ownership interest in the partnership. However, as a General Partner (GP), the authority is listed as an obligor in certain documents and appears to have indemnified the lender relating to potential environmental hazards at the building site.

At this time a determination of the amount of reasonably possible contingent liabilities to the authority is not possible and no contingent liability has been recorded on the authorities general ledger.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
 Ponchatoula, Louisiana
 Financial Data Schedule
 For Fiscal Year Ending June 30, 2004

PHA: LA075 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$292,211	\$83,702	\$0	\$375,913
114	Cash - Tenant Security Deposits	\$19,351	\$0	\$0	\$19,351
100	Total Cash	\$311,562	\$83,702	\$0	\$395,264
122	Accounts Receivable - HUD Other Projects	\$0	\$181	\$0	\$181
126	Accounts Receivable - Tenants - Dwelling Rents	\$438	\$0	\$0	\$438
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$157	\$0	\$0	\$157
120	Total Receivables, net of allowances for doubtful accounts	\$595	\$181	\$0	\$776
142	Prepaid Expenses and Other Assets	\$18,704	\$0	\$0	\$18,704
143	Inventories	\$6,345	\$0	\$0	\$6,345
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$1,040	\$0	\$0	\$1,040
150	Total Current Assets	\$338,246	\$83,883	\$0	\$422,129
161	Land	\$78,941	\$0	\$0	\$78,941
162	Buildings	\$4,907,646	\$0	\$15,000	\$4,922,646
163	Furniture, Equipment & Machinery - Dwellings	\$78,101	\$0	\$0	\$78,101
164	Furniture, Equipment & Machinery - Administration	\$64,407	\$876	\$0	\$65,283
165	Leasehold Improvements	\$624,895	\$0	\$198,026	\$822,921
166	Accumulated Depreciation	\$-4,294,701	\$-876	\$-14,202	\$-4,309,779
167	Construction In Progress	\$0	\$0	\$135,730	\$135,730
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,459,289	\$0	\$334,554	\$1,793,843
180	Total Non-Current Assets	\$1,459,289	\$0	\$334,554	\$1,793,843
190	Total Assets	\$1,797,535	\$83,883	\$334,554	\$2,215,972

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
 Ponchatoula, Louisiana
 Financial Data Schedule
 For Fiscal Year Ending June 30, 2004

PHA: LA075 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Program	Total
312	Accounts Payable <= 90 Days	\$7,930	\$0	\$0	\$7,930
321	Accrued Wager/Payroll Taxes Payable	\$3,086	\$107	\$0	\$3,203
322	Accrued Compensated Absences - Current Portion	\$3,375	\$1,319	\$0	\$4,694
333	Accounts Payable - Other Government	\$6,898	\$0	\$0	\$6,898
341	Tenant Security Deposits	\$19,351	\$0	\$0	\$19,351
347	Interprogram Due To	\$0	\$1,040	\$0	\$1,040
310	Total Current Liabilities	\$40,650	\$2,466	\$0	\$43,116
354	Accrued Compensated Absences - Non Current	\$24,944	\$24,253	\$0	\$49,197
350	Total Noncurrent Liabilities	\$24,944	\$24,253	\$0	\$49,197
300	Total Liabilities	\$65,594	\$26,719	\$0	\$92,313
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,459,289	\$0	\$334,554	\$1,793,843
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$272,652	\$57,164	\$0	\$329,816
513	Total Equity/Net Assets	\$1,731,941	\$57,164	\$334,554	\$2,123,659
600	Total Liabilities and Equity/Net Assets	\$1,797,535	\$83,883	\$334,554	\$2,215,972

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
 Ponchatoula, Louisiana
 Financial Data Schedule
 For Fiscal Year Ending June 30, 2004

PHA: LA075 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$182,196	\$0	\$0	\$182,196
704	Tenant Revenue - Other	\$5,340	\$0	\$0	\$5,340
705	Total Tenant Revenue	\$187,536	\$0	\$0	\$187,536
706	HUD PHA Operating Grants	\$189,748	\$199,820	\$8,763	\$398,331
706.1	Capital Grants	\$0	\$0	\$223,371	\$223,371
711	Investment Income - Unrestricted	\$3,146	\$88	\$0	\$3,234
715	Other Revenue	\$68	\$0	\$0	\$68
700	Total Revenue	\$380,498	\$199,908	\$232,134	\$812,540

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
 Ponchatoula, Louisiana
 Financial Data Schedule
 For Fiscal Year Ending June 30, 2004

PHA: LA075 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$79,332	\$16,461	\$0	\$95,793
912	Auditing Fees	\$6,055	\$1,500	\$0	\$7,555
914	Compensated Absences	\$-1,345	\$1,496	\$0	\$151
915	Employee Benefit Contributions - Administrative	\$28,889	\$4,303	\$0	\$33,192
916	Other Operating - Administrative	\$26,922	\$5,767	\$0	\$32,689
924	Tenant Services - Other	\$1,208	\$0	\$0	\$1,208
931	Water	\$9,900	\$0	\$0	\$9,900
932	Electricity	\$4,936	\$0	\$0	\$4,936
933	Gas	\$1,008	\$0	\$0	\$1,008
938	Other Utilities Expense	\$28,383	\$0	\$0	\$28,383
941	Ordinary Maintenance and Operations - Labor	\$49,374	\$0	\$0	\$49,374
942	Ordinary Maintenance and Operations - Materials and Other	\$21,212	\$5	\$0	\$21,217
943	Ordinary Maintenance and Operations - Contract Costs	\$49,289	\$0	\$6,272	\$55,561
945	Employee Benefit Contributions - Ordinary Maintenance	\$17,980	\$0	\$0	\$17,980
953	Protective Services - Other	\$12,525	\$0	\$0	\$12,525
961	Insurance Premiums	\$37,672	\$654	\$0	\$38,326
963	Payments in Lieu of Taxes	\$6,899	\$0	\$0	\$6,899
964	Bad Debt - Tenant Rents	\$2,267	\$0	\$0	\$2,267
969	Total Operating Expenses	\$382,506	\$30,186	\$6,272	\$418,964
970	Excess Operating Revenue over Operating Expenses	\$-2,008	\$169,722	\$225,862	\$393,576
973	Housing Assistance Payments	\$0	\$170,818	\$0	\$170,818
974	Depreciation Expense	\$218,784	\$0	\$14,202	\$232,986
900	Total Expenses	\$601,290	\$201,004	\$20,474	\$822,768
1001	Operating Transfers In	\$2,491	\$0	\$0	\$2,491
1002	Operating Transfers Out	\$0	\$0	\$-2,491	\$-2,491
1010	Total Other Financing Sources (Uses)	\$2,491	\$0	\$-2,491	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-218,301	\$-1,096	\$209,169	\$-10,228

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
 Ponchatoula, Louisiana
 Financial Data Schedule
 For Fiscal Year Ending June 30, 2004

PHA: LA075 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing		Housing Choice Vouchers	Public Housing Capital Fund Program		Total
		Housing					
1102	Debt Principal Payments - Enterprise Funds	\$0		\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,526,686		\$58,260	\$548,941		\$2,133,887
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$423,556		\$0	\$-423,556		\$0
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0		\$227,016	\$0		\$227,016
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0		\$0	\$0		\$0
1115	Contingency Reserve, ACC Program Reserve	\$0		\$23,129	\$0		\$23,129
1116	Total Annual Contributions Available	\$0		\$250,145	\$0		\$250,145
1120	Unit Months Available	1,299		720	0		2,019
1121	Number of Unit Months Leased	1,261		683	0		1,944

Schedule 2

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
Ponchatoula, Louisiana
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2004

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing	14.850a	189,748
Housing Choice Voucher Program	14.871	199,820
Public Housing Capital Fund Program	14.872	232,134
Total Federal Expenditures		<u>\$ 621,702</u>

Note A - Basis of Presentation

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

William Daniel McCaskill, CPA

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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 GOVERNMENT AUDITING STANDARDS

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

*I have audited the financial statements of the Housing Authority of the City of Ponchatoula (the authority), as of and for the year ended June 30, 2004 and have issued my report thereon dated November 18, 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.*

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion 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 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.* I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

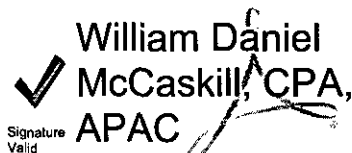
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial

Housing Authority of the City of Ponchatoula
Ponchatoula, Louisiana
Report On Internal Control... *Government*
Auditing Standards, 2004
Page Two

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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

 William Daniel
McCaskill, CPA,
APAC

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William Daniel
McCaskill, CPA,
APAC
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Daniel McCaskill,
CPA, APAC, c=US
Date: 2004.12.28
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Signature
Valid

William Daniel McCaskill, CPA
A Professional Accounting Corporation

November 18, 2004

William Daniel McCaskill, CPA

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

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

Compliance

I have audited the compliance of the Housing Authority of the City of Ponchatoula (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

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


In my opinion, the authority complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

My 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 caused by error or fraud 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

 **William Daniel
McCaskill, CPA,
APAC**
Signature
Valid

Digitally signed by
William Daniel
McCaskill, CPA,
APAC
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Daniel McCaskill,
CPA, APAC, c=US
Date: 2004.12.28
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William Daniel McCaskill, CPA
A Professional Accounting Corporation

November 18, 2004

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
Ponchatoula, Louisiana
Schedule of Compensation Paid Board Members
For Fiscal Year Ended June 30, 2004

Board members serve without compensation.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
Ponchatoula, Louisiana
Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2004

There were no findings in the prior audit.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
Ponchatoula, Louisiana
Schedule of Current Audit Findings and Questioned Costs
Fiscal Year Ended June 30, 2004

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the authority.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the authority, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions disclosed during the audit of internal control over major federal award programs are reported in the Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the authority expresses an unqualified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. Housing Choice Vouchers (CFDA# 14.872) was tested as the major program.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The authority qualified as a low-risk auditee.

Findings – Financial Statements Audit:

None

Findings and Questioned Costs – Major Federal Awards Program Audit:

None