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**EAST CARROLL PARISH HOUSING AUTHORITY  
AUDITED FINANCIAL REPORT  
FOR THE YEAR ENDED 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 2-16-05

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# VIGE TUJAGUE

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
East Carroll Parish Housing Authority  
Lake Providence, LA

We have audited the accompanying financial statements of the business-type activities of East Carroll Parish Housing Authority as of June 30, 2004, and for the year then ended, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the East Carroll Parish Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, the respective financial position of the business-type activities of East Carroll Parish Housing Authority 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.

As described in Note 1, the Housing 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.

In accordance with Government Auditing Standards, we have also issued a report dated November 30, 2004, on our consideration of East Carroll Parish Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with these reports in considering the results of our audit.

The East Carroll Parish Housing Authority has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Carroll Parish Housing Authority's basic financial statements. The other supplementary information on pages 16 thorough 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked (unaudited) on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Vige & Tujague*

Vige & Tujague  
November 30, 2004

EAST CARROLL PARISH HOUSING AUTHORITY  
Statement of Net Assets  
Proprietary Funds  
June 30, 2004

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Enterprise Funds</u>	<u>Component Unit Rural Housing</u>
ASSETS AND OTHER DEBITS				
Current Assets				
Cash & cash equivalents	\$ 76,441	\$ -	\$ 76,441	\$ 6,089
Receivables(Net)	486	-	486	388
Due from HUD	-	6,816	6,816	-
Due from component unit	125	-	125	-
Due from other funds	6,816	-	6,816	-
Inventory	4,951	-	4,951	-
Other assets	13,591	-	13,591	-
Total Current Assets	<u>102,410</u>	<u>6,816</u>	<u>109,226</u>	<u>6,477</u>
Noncurrent Assets				
Land	106,732	-	106,732	12,100
Buildings	1,732,613	179,464	1,912,077	98,400
Leasehold Improvements	267,982	3,816	271,798	-
Equipment & Furniture	-	18,814	18,814	-
Accumulated Depreciation	<u>&lt;1,872,286&gt;</u>	<u>&lt;9,863&gt;</u>	<u>&lt;1,882,149&gt;</u>	<u>&lt;55,780&gt;</u>
Total Noncurrent Assets	<u>235,041</u>	<u>192,231</u>	<u>427,272</u>	<u>54,720</u>
Total Assets	<u>\$ 337,451</u>	<u>\$199,047</u>	<u>\$ 536,498</u>	<u>\$ 61,197</u>

The accompanying notes are an integral part of the basic financial statements.

EAST CARROLL PARISH HOUSING AUTHORITY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Enterprise Fund</u>	<u>Component Unit Rural Housing</u>
LIABILITIES				
Current Liabilities				
Accounts, salaries & other payables	\$ 19,419	\$ -	\$ 19,419	\$ 500
Due to primary government	-	-	-	125
Due to other funds	-	6,816	6,816	-
Deposit due others	2,630	-	2,630	-
Compensated absences payable	1,118	-	1,118	-
Total Current Liabilities	<u>23,167</u>	<u>6,816</u>	<u>29,983</u>	<u>625</u>
Noncurrent Liabilities				
Compensated absences payable	1,046	-	1,046	-
Total Liabilities	<u>24,213</u>	<u>6,816</u>	<u>31,029</u>	<u>625</u>
Net Assets				
Investment in capital assets, net of related debt	235,041	192,231	427,272	54,720
Restricted	13,591	-	13,591	-
Unrestricted	64,606	-	64,606	5,852
Total Net Assets	<u>\$ 313,238</u>	<u>\$ 192,231</u>	<u>\$ 505,469</u>	<u>\$ 60,572</u>

The accompanying notes are an integral part of the basic financial statements.

EAST CARROLL PARISH HOUSING AUTHORITY  
 Combined Statement of Revenues, Expenses and Changes in  
 Fund Net Assets  
 Proprietary Fund  
 For the Year Ended June 30, 2004

	<u>Low Rent</u>	<u>Capital Project</u>	<u>Total Enterprise Fund</u>	<u>Component Unit Rural Housing</u>
Operating Revenues				
Tenant Rental	\$ 67,024	\$ -	\$ 67,024	\$ 17,231
HUD PHA Grant	69,021	116,597	185,618	-
Other Revenues	<u>4,694</u>	<u>-</u>	<u>4,694</u>	<u>23,007</u>
Total operating revenues	<u>140,739</u>	<u>116,597</u>	<u>257,336</u>	<u>40,238</u>
Operating expenses				
Administrative	81,337	16,147	97,484	9,727
Utilities	5,646	-	5,646	-
Maintenance	43,858	-	43,858	4,129
General	35,218	-	35,218	4,679
Depreciation	<u>61,679</u>	<u>8,923</u>	<u>70,602</u>	<u>4,920</u>
Total operating expenses	<u>227,738</u>	<u>25,070</u>	<u>252,808</u>	<u>23,455</u>
Operating income	<u>&lt;86,999&gt;</u>	<u>91,527</u>	<u>4,528</u>	<u>16,783</u>
Non-operating income				
Interest income	<u>612</u>	<u>-</u>	<u>612</u>	<u>10</u>
Income before operating transfers	<u>&lt;86,387&gt;</u>	<u>91,527</u>	<u>5,140</u>	<u>16,793</u>
Operating transfers in (out)				
Transfer In	6,439	-	6,439	-
Transfer Out	<u>-</u>	<u>&lt;6,439&gt;</u>	<u>&lt;6,439&gt;</u>	<u>-</u>
Total operating transfers	<u>6,439</u>	<u>&lt;6,439&gt;</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>&lt;79,948&gt;</u>	85,088	5,140	16,793
Net assets beginning	<u>393,186</u>	<u>107,143</u>	<u>500,329</u>	<u>43,779</u>
Net assets, ending	<u>\$ 313,238</u>	<u>\$ 192,231</u>	<u>\$ 505,469</u>	<u>\$ 60,572</u>

The accompanying notes are an integral part of the basic financial statements.

HOUSING AUTHORITY OF THE PARISH OF EAST CARROLL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Low Rent</u>	<u>Capital Project</u>	<u>Total Enterprise Fund</u>	<u>Component Unit Rural Housing</u>
Cash flows from operating activities:				
Receipts from customers	\$ 66,538	\$ -	\$ 66,538	\$ 17,182
Payments to suppliers	<136,967>	<37,891>	<174,858>	<13,315>
Payments to employees	<33,826>	-	<33,826>	<5,320>
Other receipts	<u>73,715</u>	<u>134,930</u>	<u>208,645</u>	<u>23,007</u>
Net cash provided (used) by operating activities	<u>&lt;30,540&gt;</u>	<u>97,039</u>	<u>66,499</u>	<u>21,554</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	22,063	-	22,063	-
Cash paid to other funds	<u>-</u>	<u>&lt;3,028&gt;</u>	<u>&lt;3,028&gt;</u>	<u>&lt;19,035&gt;</u>
Net cash provided (used) by noncapital financing activities	<u>22,063</u>	<u>&lt;3,028&gt;</u>	<u>19,035</u>	<u>&lt;19,035&gt;</u>
Cash flows from capital and related financing activities:				
Proceeds from tenant security deposits	120	-	120	-
Acquisition of property, plant and equipment	<u>-</u>	<u>&lt;94,011&gt;</u>	<u>&lt;94,011&gt;</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>120</u>	<u>&lt;94,011&gt;</u>	<u>&lt;93,891&gt;</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>612</u>	<u>-</u>	<u>612</u>	<u>10</u>
Net cash provided by investing activities	<u>612</u>	<u>-</u>	<u>612</u>	<u>10</u>
Net increase (decrease) in cash and cash equivalents	<7,745>	-	<7,745>	2,529
Cash and cash equivalents, beginning of period	<u>84,186</u>	<u>-</u>	<u>84,186</u>	<u>3,560</u>
Cash and cash equivalents, end of period	<u>\$ 76,441</u>	<u>\$ -</u>	<u>\$ 76,441</u>	<u>\$ 6,089</u>

The accompanying notes are an integral part of the basic financial statements.



HOUSING AUTHORITY OF THE PARISH OF EAST CARROLL  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>Low Rent</u>	<u>Capital Project</u>	<u>Total Enterprise Funds</u>	<u>Component Unit Rural Housing</u>
Reconciliation of operating income to net cash used by operating activities:				
Operating income	\$ <86,999>	\$ 91,527	\$ 4,528	\$ 16,783
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	61,679	8,923	70,602	4,920
Changes in current assets & liabilities:				
(Increase) in accounts receivable	<486>	21,744	21,258	<49>
(Increase) decrease in inventory	<2,737>	-	<2,737>	-
Decrease in other assets	240	-	240	-
Increase (decrease) in accounts payable	<2,288>	<25,155>	<27,443>	<100>
Increase (decrease) in accrued liabilities	<u>51</u>	<u>-</u>	<u>51</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>&lt;30,540&gt;</u>	<u>97,039</u>	<u>66,499</u>	<u>21,554</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period -				
Cash - unrestricted	84,186	-	84,186	2,592
Cash - restricted	-	-	-	-
Interest-bearing deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>968</u>
Total cash and cash equivalents	<u>84,186</u>	<u>-</u>	<u>84,186</u>	<u>3,560</u>
Cash and cash equivalents, end of period -				
Cash - unrestricted	76,441	-	76,441	5,120
Cash - restricted	-	-	-	-
Interest-bearing deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>969</u>
Total cash and cash equivalents	<u>76,441</u>	<u>-</u>	<u>76,441</u>	<u>6,089</u>
Net increase (decrease)	<u>\$ &lt;7,745&gt;</u>	<u>\$ -</u>	<u>\$ &lt;7,745&gt;</u>	<u>\$ 2,529</u>

The accompanying notes are an integral part of the basic financial statements.

HOUSING AUTHORITY OF THE PARISH OF EAST CARROLL  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2004

INTRODUCTION

The Housing Authority of the Parish of East Carroll was created by Louisiana Revised Statute (LSA-R.S) 40:391 to engage in the acquisition, development, and administration of a low rent housing program to provide safe, sanitary, and affordable housing to the citizens of East Carroll Parish.

The authority is administered by a five-member board appointed by the Mayor. Members of the board serve three-year terms.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the authority for the purpose of assisting the authority in financing the acquisition, construction, and leasing of housing units and to make annual contributions (subsidies) to the authority for the purpose of maintaining this low rent character. The Housing Authority is economically dependent upon HUD subsidies.

At June 30, 2004, the authority managed 40 public housing units.

In addition, the authority is currently administering modernization programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the fiscal year ended June 30, 2004, Housing Authority implemented the new financial reporting requirements of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments. As a result, an entirely new financial presentation format has been implemented.

Basis of Presentation

The accompanying financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

NOTES TO FINANCIAL STATEMENTS (continued)

Reporting Entity

GASB Codification Section 2100 defines criteria for determining which component units should be considered part of the Housing Authority of the Parish of East Carroll for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Housing Authority to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Housing Authority.
2. Organization for which the Housing Authority does not appoint a voting majority, but are fiscally dependent on the Housing Authority.
3. Organization for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America these financial statements present the Housing Authority of the Parish of East Carroll and its component units. The component unit included in the accompanying financial statement is discretely presented.

Discretely Presented Component Units

Component units that are legally separate from the Housing Authority, but financially accountable to the Housing Authority, or whose relationship with the Housing Authority are such that exclusion would cause the Housing Authority financial statements to be misleading or incomplete are discretely presented. The Component Units column of the financial statements include the financial data of this discretely presented component unit. They are reported in a separate column to emphasize that they are legally separate from the Housing Authority. The following component unit is discretely presented in the accompanying financial statements:

## NOTES TO FINANCIAL STATEMENTS (continued)

The East Carroll Rural Housing, Inc. is a non-profit organization consisting of six rental units. These units are funded through HUD's Section 8 Program. The Board of Directors of this organization is the same board that sits on the Housing Authority of the Parish of East Carroll, thereby, enabling the Housing Authority the ability to impose its will on the organization. The financial statements for East Carroll Rural Housing, Inc. are as of and for the year ended December 31, 2003, and may be obtained from the housing authority. The organization has two rental units remaining at June 30, 2004.

### Fund Accounting

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

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

### Basis of Accounting

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

### Revenues and Expenses

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a

## NOTES TO FINANCIAL STATEMENTS (continued)

result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Housing Authority has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

### Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

### Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts and certificates of deposit purchased with original maturities of 90 days or less. Under state law, the authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

### Inventory

Inventory of the General Fund consists of supplies and is valued at cost. The cost is reported as an expenditure at the time individual inventory items are consumed rather than when purchased.

### Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

### Prepaid Items / Restricted Fund Balance

Payments made to insurance companies for coverage that will benefit the period beyond June 30, 2004 are recorded as prepaid insurance. The reservation to fund balances reflect these transactions.

NOTES TO FINANCIAL STATEMENTS (continued)

Fixed Assets

Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value) using the straight-line method. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization limit is \$5,000. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10-20 Years
Leasehold improvements	10-20 Years
Furniture & Equipment	5 Years

No construction period interest costs have been incurred and capitalized for the fiscal year ended June 30, 2004.

Compensated Absences

The authority follows Civil Service guidelines pertaining to the accumulation of vacation and sick leave. This leave may be accumulated and carried over between fiscal years, with a maximum of 300 hours of payment of vacation pay upon termination or retirement.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expense when leave is earned. The unpaid portion of leave privileges is recorded as a current or non-current liability.

Net Assets

Net assets comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

*Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

*Restricted* - This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or

NOTES TO FINANCIAL STATEMENTS (continued)

constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. All other interfund transfers are reported as operating transfers.

NOTE 2 - NET ASSET DEFICITS

There were no net asset deficits at June 30, 2004.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2004, the reporting entity had cash and cash equivalents as follows:

Demand deposits	<u>\$ 82,530</u>
-----------------	------------------

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. 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 authority has \$82,530 in deposits. These deposits are secured from risk by \$100,000 of federal deposit insurance.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - RECEIVABLES

The receivables of \$874 at June 30, 2004, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Component Unit</u>	<u>Total</u>
Local sources:			
Tenants	\$ 486	\$ 388	\$ 874
Allowance for bad debts	-	-	-
Total	<u>\$ 486</u>	<u>\$ 388</u>	<u>\$ 874</u>

NOTE 5 - FIXED ASSETS

The changes in general fixed assets are as follows:

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2004</u>
Land	\$ 107,657	\$ -	\$ <925>	\$ 106,732
Buildings & Improvements	1,981,694	68,856	133,325	2,183,875
Equipment	54,249	-	<35,435>	18,814
Component Unit	77,265	-	33,235	110,500
TOTAL	<u>2,220,865</u>	<u>68,856</u>	<u>130,200</u>	<u>2,419,921</u>
Accumulated Depreciation	-	<75,522>	<1,862,407>	<1,937,929>
TOTAL NET	<u>\$2,220,865</u>	<u>\$ &lt;6,666&gt;</u>	<u>\$&lt;1,732,207&gt;</u>	<u>\$ 481,992</u>

NOTE 6 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$19,919 at June 30, 2004, are as follows:

<u>General Fund</u>	<u>Amount</u>
General Fund - Accounts	\$19,419
Capital Projects Fund	-
Component Unit	500
Total	<u>\$19,919</u>

NOTE 7 - INTERFUND ASSETS/LIABILITIES

Interfund receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Components Unit	125
General Fund	Capital Fund	6,816
		<u>\$ 6,941</u>



NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 8 - LITIGATION AND CLAIMS

At June 30, 2004, the authority had no impending litigation.

NOTE 9 - COMPENSATED ABSENCES

At June 30, 2004, employees of the authority have accumulated and vested \$2,164 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

	<u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2004</u>
Balance	<u>\$ 2,143</u>	<u>\$ 1,118</u>	<u>\$ 1,097</u>	<u>\$ 2,164</u>

NOTE 10 - FEDERAL FUNDS

The Housing Authority is currently administering Capital Funding Modernization Grant Programs.

1. This grant involved total approved funds in the amount of \$116,597. These funds may be used for capital or operating expenditures. At June 30, 2004 the PHA expended \$116,597.

NOTE 11 - CONCENTRATIONS OF RISK

The Housing Authority is economically dependent upon HUD subsidies/grants.

NOTE 12 - ESTIMATES

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

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

In accordance with GASB 34 the East Carroll Housing Authority made several adjustments to its beginning balances from a general fund to a proprietary fund in order to present its financial statements in accordance with accounting principles generally accepted in the United States of America. These adjustments include the following:

Investment in capital assets, net of related debt	<281,193>
Capital assets	2,143,600
Accumulated depreciation	<1,862,407>

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## Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioner  
East Carroll Parish Housing Authority  
Lake Providence, Louisiana

We have audited the financial statements of East Carroll Parish Housing Authority as of and for the year ended June 30, 2004 and have issued our report thereon dated November 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 East Carroll Parish Housing Authority's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item #2004-2 through #2004-3

### Internal Control Over Financial Reporting

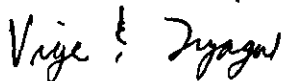
In planning and performing our audit, we considered East Carroll Parish Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to

significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect East Carroll Parish Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item: #2003-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are material weaknesses.

This report is intended for the information of the management. However, this report is a matter of public record and its distribution is not limited.



Vige & Tujague  
November 30, 2004

EAST CARROLL PARISH HOUSING AUTHORITY  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

We have audited the financial statements of East Carroll Parish Housing Authority as of and for the year ended June 30, 2004, and have issued our report thereon dated November 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our 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

No Federal Programs were considered major programs using a threshold of \$300,000.

Section II. Financial Statement Findings

#2004-1 - Segregation of Duties

In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to the lack of resources, the housing authority is unable to implement a segregated system of internal control.

Management is aware of and has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the housing authority that it would not be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

EAST CARROLL PARISH HOUSING AUTHORITY  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

#2004-2 Management Assessment for PHA's (MASS)

The Housing Authority is required to submit accurate information to REAC for management assessment for public housing agencies.

Sub-indicator 3: Work Orders is one section of management assessment used to determine average completion days of work orders. The Housing Authority submitted the total number of calendar days it took to complete nonemergency work orders (W10600) as 2010. The actual number was 2147. This error was due to a calculation mistake.

We recommend that the PHA add the total work order days at least twice to obtain the correct number of days.

Management agrees with this recommendation.

#2004-3 Real Estate Assessment Center Annual Filing

All PHA's are required to electronically submit their year-end financial data to HUD, REAC in accordance with the submission requirements posted in the Federal Register (FR-4313-P-01). The annual financial information must be submitted to HUD no later than 60 days after the end of the fiscal year.

The East Carroll Parish Housing Authority submitted its annual report to HUD REAC after the 60 day requirement. This was caused by not submitting information to the fee accountant in time for meeting filing requirements.

We recommend that the PHA gather appropriate information in a more timely manner to facilitate the annual report filing.

Management agrees with this recommendation.

EAST CARROLL PARISH HOUSING AUTHORITY  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2004

2003-1 SEGREGATION OF DUTIES

Condition: An inadequate segregation of duties exists in the internal control structure.

Recommendation: There was no recommendation since it is not economically feasible to establish an adequate segregation of duties.

Status: This finding still existed at June 30, 2004.

2003-2 BUDGETING

Condition: The Housing Authority exceeded certain budget line items by greater than 5%.

Recommendation: Management should monitor the budget and make amendments as needed.

Status: This finding was cleared at June 30, 2004.

2003-3 REAL ESTATE ASSESSMENT CENTER ANNUAL FILING

Condition: All PHA's are required to submit their year end financial data to HUD, REAC within 60 days after the end of their fiscal year. Management submitted its data after the 60 day deadline.

Recommendation: Management should gather appropriate information in a more timely manner to facilitate the annual report filing.

Status: This finding still existed at June 30, 2004.

2003-4 TENANT FILES

Condition: All required documentation was not in tenants files in the sample selected.

Recommendation: Management should re-examine all files and update all required areas of documentation.

Status: The finding was cleared at June 30, 2004.

EAST CARROLL PARISH HOUSING AUTHORITY  
Status of Prior Year Findings & Questioned Costs  
Year Ended June 30, 2004

2003-5 WAITING LIST

Condition: The PHA Board established a policy of using a waiting list to admit tenants. We selected three new admittances to test the order of selection of tenants and found one case where the waiting list was not used properly.

Recommendation: The executive director should follow the order of the waiting list when selecting tenants.

Status: This finding was cleared at June 30, 2004.

2003-6 PAYROLL TRANSACTIONS

Condition: The PHA switched paying payroll from Semi-monthly to Bi-weekly in November 2002. During this transition each employee was overpaid approximately three days for an average of \$200 per employee (3).

Recommendation: The PHA should be reimbursed for the overpayment.

Status: This finding was cleared at June 30, 2004.

2003-7 DUE FROM EAST CARROLL RURAL HOUSING, INC.

Condition: East Carroll Rural Housing, Inc. is a non-profit organization established by the Board of Directors of East Carroll Housing Authority. Both entities have the same Board of Directors. The PHA has been providing financial support to the non-profit organization in the form of loans to help pay for salaries, benefits, repairs, etc. This is a violation of rules established by HUD and the State of Louisiana. This amount totaled \$19,161 as of June 30, 2003.

Recommendation: The PHA should cease funding the non-profit organization and have them pay the PHA for the amount owed.

Status: This finding was cleared at June 30, 2004.

**HOUSING AUTHORITY**

of the parish of  
EAST CARROLL

PHONE # (318) 559-3134

FAX # (318) 559-3060

P.O. DRAWER 352  
LAKE PROVIDENCE, LOUISIANA 71254

December 17, 2004

VIGE & TUJAGUE, CPA'S  
P.O. BOX 1006  
EUNICE, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the Housing Authority's Financial Statements as of June 30, 2004.

**2004-1 Segregation of Duties**

We are aware of and have evaluated this inadequacy and concluded that the related cost vs benefits to be achieved do not justify the additional personnel it would require to establish an adequate segregation of duties. However, we will try to segregate duties as much as possible with the existing staff.

**2004-2 Management Assessment for PHA's (MASS)**

In the future, we will add the total work order days more than once to obtain the correct number of days.

**2004-3 Real Estate Assessment Center Annual Filing**

The executive director of the PHA will oversee and facilitate appropriate information to the fee accountant in a timely manner to insure proper filing of the annual report.

  
Chairperson - Ola Milton Jones

  
Executive Director - Veronica Willis