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

**Annual Financial Report  
As of and for the Year Ended June 30, 2004**

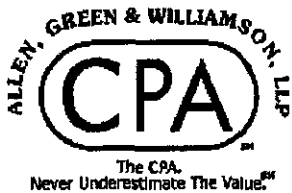
**Prepared Pursuant to GASB 34 – New Reporting Model**

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 2-23-05

**Housing Authority of the City of Minden  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Minden, as of and for the year ended June 30, 2004, 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 Housing Authority's management. Our responsibility is to express opinions 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 the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority, 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 11, 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 our report dated October 8, 2004, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our *testing of internal control over financial reporting and compliance and the results of that testing*, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the Housing Authority's basic financial statements. The accompanying information identified in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial

statements. Also, the schedule of expenditures of federal awards, which is required by U. S. Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Housing Authority. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Allen, Green + Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
October 8, 2004

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

## Housing Authority of the City of Minden

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### Management's Discussion and Analysis (MD&A)

June 30, 2004

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As management of the Housing Authority, we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Housing Authority has elected to exclude the information in this report. Subsequent reports will include the comparative information.

#### FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$5,273,682 (*net assets*). Of this amount, \$951,186 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Housing Authority's enterprise funds reported combined ending net assets of \$5,273,682, a decrease of \$172,193 in comparison with the prior year. Approximately eighteen percent of this total amount is *available for spending* at the Housing Authority's discretion (*unrestricted net assets*).
- At the end of the current fiscal year, unrestricted net assets for the general fund was \$669,078, or sixty-two percent of total general fund operating expenses for the fiscal year. Unrestricted net assets of the Section 8 fund of \$204,150 is thirty-seven percent of total Section 8 operating expenses for the year. Unrestricted net assets of the management fees fund of \$77,958 is 744 percent of total operating expenses for the year.
- Net assets of the general fund decreased \$195,697 from the prior year. Net assets of the Section 8 fund increased \$1,784. The management fees fund net assets increased \$21,720.

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

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

Housing Authority of the City of Minden

Management's Discussion and Analysis (MD&A)

June 30, 2004

**USING THIS ANNUAL REPORT** The Housing Authority's annual report consist of financial statements that show information about the Housing Authority's most significant funds – such as the Housing Authority's general fund, tenant based Section 8 fund, and management fees fund.

***Financial Section***

**Required Supplemental Information**

Management's Discussion & Analysis (MD&A)

**Basic Financial Statements**

Fund  
Financial Statements

Notes to the Basic Financial  
Statements

**Supplemental Information**

Schedule of Compensation Paid Board Members  
Financial Data Schedule

Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

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

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

## Housing Authority of the City of Minden

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### Management's Discussion and Analysis (MD&A)

June 30, 2004

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#### The Housing Authority as Trustee

##### *Reporting the Housing Authority's Fiduciary Responsibilities*

The Housing Authority is the trustee, or fiduciary, for its Webster Literacy and FAME Resident Council funds. All of the Housing Authority's fiduciary activities are reported in the Statements of Fiduciary Assets and Liabilities. We exclude these activities from the Housing Authority's other financial statements because the Housing Authority cannot use these assets to finance its operations. The Housing Authority is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**FINANCIAL ANALYSIS** The Housing Authority's net assets were \$5,273,682 at June 30, 2004. Of this amount, \$951,186 was unrestricted. As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. The general fund is used to account for the public housing and capital fund programs. Section 8 vouchers is accounted for in the section 8 fund. Our analysis below focuses on the net assets and the change in net assets of the Housing Authority as a whole.

**Table 1**  
**Net Assets**  
**(in thousands)**

	<u>2004</u>
Current assets	\$1,021
Restricted current assets	22
Capital assets, net	<u>4,323</u>
Total assets	<u>5,366</u>
Current liabilities	45
Current liabilities payable from current restricted assets	22
Long-term liabilities	<u>25</u>
Total liabilities	<u>92</u>
Net assets	
Invested in capital assets, net of related debt	4,322
Unrestricted	<u>951</u>
Total net assets	<u>\$5,273</u>



Housing Authority of the City of Minden

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Management's Discussion and Analysis (MD&A)

June 30, 2004

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**Table 2**  
**Changes in Net Assets**  
**(in thousands)**

	<u>2004</u>
Revenues/capital contributions:	
Operating revenues	
Rent and other	\$ 319
Nonoperating revenues	
Interest earnings	7
Federal grants	<u>1,155</u>
Total revenues/capital contributions	<u>1,481</u>
Expenses:	
Operating expenses	
Administration	303
Tenant services	4
Utilities	47
Ordinary maintenance and operations	326
General expenses	89
Housing assistance payments	486
Depreciation	<u>398</u>
Total expenses	<u>1,653</u>
Increase (decrease) in net assets	<u>(\$172)</u>

Total revenues decreased by \$466,392 due primarily to a decrease in federal grants of \$444,570. The decrease in federal grants was due primarily to a decrease of \$432,227 in the capital fund program activity for the year.

Total expenses increased \$174,562 due primarily to an increase in housing assistance payments of \$11,234, ordinary maintenance and operations of \$56,287, and administration of \$67,441.

Housing Authority of the City of Minden

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Management's Discussion and Analysis (MD&A)

June 30, 2004

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2004, the Housing Authority had \$4,322,496 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$204,306, or 4.5% from last year. See Note 4 to the financial statements for more detail on capital assets.

	<u>2004</u>
Land	\$ 59,580
Site improvements and buildings	4,081,937
Furniture and equipment	130,760
Construction in progress	<u>50,219</u>
Totals	<u>\$4,322,496</u>

No debt was issued for these additions.

*Debt*

Our long-term debt includes accrued annual and sick leave of \$31,766. We present more detail about our long-term liabilities in the note 7 to the financial statements.

**ECONOMIC FACTORS** The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions.

**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT** Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Reese Hood, Executive Director, at the Housing Authority of the City of Minden, 1209 East Street, Minden, Louisiana 71055, telephone number (318) 377-1077.

**Housing Authority of the City of Minden**

**BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE CITY OF MINDEN**

**ENTERPRISE FUNDS  
Balance Sheet  
June 30, 2004**

Statement A

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>	<u>TOTAL</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 442,605	\$ 177,109	\$ 78,604	\$ 698,318
Investments	204,595	34,871	0	239,466
Receivables, net of allowance of \$1,430	13,449	5,661	0	19,110
Due from other funds	4,489	0	0	4,489
Prepaid items and other assets	46,521	0	0	46,521
Inventory	13,253	0	0	13,253
<b>Total Current Assets</b>	<b>724,912</b>	<b>217,641</b>	<b>78,604</b>	<b>1,021,157</b>
<b>Restricted Assets</b>				
Tenant deposits	22,325	0	0	22,325
<b>Capital Assets, net</b>				
Land	503,574	0	0	503,574
Buildings and equipment (net)	3,802,564	16,358	0	3,818,922
<b>Total Capital Assets, net</b>	<b>4,306,138</b>	<b>16,358</b>	<b>0</b>	<b>4,322,496</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,053,375</b>	<b>\$ 233,999</b>	<b>\$ 78,604</b>	<b>\$ 5,365,978</b>

(CONTINUED)

**HOUSING AUTHORITY OF THE CITY OF MINDEN**

**ENTERPRISE FUNDS  
Balance Sheet  
June 30, 2004**

**Statement A**

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>	<u>TOTAL</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 11,981	\$ 1,631	\$ 0	\$ 13,612
Intergovernmental payables	3,522	0	0	3,522
Due to other funds	0	3,843	646	4,489
Accrued wages and payroll taxes	14,068	165	0	14,233
Deferred revenue and other liabilities	<u>9,071</u>	<u>0</u>	<u>0</u>	<u>9,071</u>
 Total Current Liabilities	 38,642	 5,639	 646	 44,927
 <b>Current Liabilities Payable From Current Restricted Assets</b>				
Deposits due others	21,925	0	0	21,925
 <b>Noncurrent Liabilities</b>				
Other noncurrent liabilities	0	5,616	0	5,616
Compensated absences payable	<u>17,592</u>	<u>2,236</u>	<u>0</u>	<u>19,828</u>
 Total Noncurrent Liabilities	 17,592	 7,852	 0	 25,444
 Total Liabilities	 <u>78,159</u>	 <u>13,491</u>	 <u>646</u>	 <u>92,296</u>
 <b>NET ASSETS</b>				
Invested in capital assets, net of related debt	4,306,138	16,358	0	4,322,496
Restricted	0	0	0	0
Unrestricted	<u>669,078</u>	<u>204,150</u>	<u>77,958</u>	<u>951,186</u>
 NET ASSETS	 <u>4,975,216</u>	 <u>220,508</u>	 <u>77,958</u>	 <u>5,273,682</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,053,375</u>	 <u>\$ 233,999</u>	 <u>\$ 78,604</u>	 <u>\$ 5,365,978</u>

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**HOUSING AUTHORITY OF THE CITY OF MINDEN**

**ENTERPRISE FUNDS  
Statement of Revenues, Expenses,  
and Changes in Fund Net Assets  
For the Year Ended June 30, 2004**

Statement B

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>	<u>TOTAL</u>
<b>OPERATING REVENUES</b>				
Dwelling rental	\$ 253,853	\$ 0	\$ 0	\$ 253,853
Other	30,133	2,600	32,176	64,909
<b>Total operating revenues</b>	<u>283,986</u>	<u>2,600</u>	<u>32,176</u>	<u>318,762</u>
<b>OPERATING EXPENSES</b>				
Administration	229,609	62,499	10,486	302,594
Tenant services	3,704	0	0	3,704
Utilities	47,185	0	0	47,185
Ordinary maintenance & operations	326,476	0	0	326,476
General expenses	84,597	4,378	0	88,975
Other operating expenses	0	0	0	0
Housing assistance payments	0	486,453	0	486,453
Depreciation and amortization	389,200	8,785	0	397,985
<b>Total operating expenses</b>	<u>1,080,771</u>	<u>562,115</u>	<u>10,486</u>	<u>1,653,372</u>
<b>Income (loss) from Operations</b>	<u>(796,785)</u>	<u>(559,515)</u>	<u>21,690</u>	<u>(1,334,610)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earnings	5,684	1,348	30	7,062
Federal grants	420,354	559,951	0	980,305
Gain or loss on disposition of fixed assets	0	0	0	0
<b>Total nonoperating revenues (expenses)</b>	<u>426,038</u>	<u>561,299</u>	<u>30</u>	<u>987,367</u>
<b>NET INCOME (Loss) before capital contributions</b>	<u>(370,747)</u>	<u>1,784</u>	<u>21,720</u>	<u>(347,243)</u>
<b>Capital contributions</b>	<u>175,050</u>	<u>0</u>	<u>0</u>	<u>175,050</u>
<b>Change in net assets</b>	<u>(195,697)</u>	<u>1,784</u>	<u>21,720</u>	<u>(172,193)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>5,170,913</u>	<u>218,724</u>	<u>56,238</u>	<u>5,445,875</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 4,975,216</u>	<u>\$ 220,508</u>	<u>\$ 77,958</u>	<u>\$ 5,273,682</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**HOUSING AUTHORITY OF THE CITY OF MINDEN**

**ENTERPRISE FUNDS  
Statement of Cash Flows  
For the Year Ended June 30, 2004**

Statement C

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>	<u>TOTALS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Rental receipts	\$ 253,853	\$ 2,600	\$ 0	\$ 256,453
Other receipts	30,133	0	32,176	62,309
Payments to vendors	(580,558)	(533,037)	0	(1,113,595)
Payments to employees	(116,836)	(31,407)	0	(148,243)
Other receipts (payments)	0	0	(10,486)	(10,486)
Payments to private landlords	0	0	0	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(413,408)</u>	<u>(561,844)</u>	<u>21,690</u>	<u>(953,562)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Federal grants	<u>595,404</u>	<u>559,951</u>	<u>0</u>	<u>1,155,355</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>595,404</u>	<u>559,951</u>	<u>0</u>	<u>1,155,355</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase fixed assets	(193,677)	0	0	(193,677)
Contributed capital	0	0	0	0
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ (193,677)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (193,677)</u>

(CONTINUED)

**HOUSING AUTHORITY OF THE CITY OF MINDEN**

**ENTERPRISE FUNDS  
Statement of Cash Flows  
For the Year Ended June 30, 2004**

**Statement C**

	<u>GENERAL</u>	<u>TENANT BASED SECTION B</u>	<u>MANAGEMENT FEES</u>	<u>TOTALS</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Proceeds from sales and maturities of investments	\$ 0	\$ 0	\$ 0	\$ 0
Interest and dividends	5,684	1,348	30	7,062
Purchase investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 <b>NET CASH PROVIDED (USED) BY   INVESTING ACTIVITIES</b>	 <u>5,684</u>	 <u>1,348</u>	 <u>30</u>	 <u>7,062</u>
 <b>NET INCREASE (DECREASE) IN CASH AND   CASH EQUIVALENTS</b>	 (5,997)	 (545)	 21,720	 15,178
 <b>CASH AND CASH EQUIVALENTS AT   BEGINNING OF YEAR</b>	 <u>653,197</u>	 <u>212,525</u>	 <u>56,884</u>	 <u>922,606</u>
 <b>CASH AND CASH EQUIVALENTS AT END   OF YEAR</b>	 <u>647,200</u>	 <u>211,980</u>	 <u>78,604</u>	 <u>937,784</u>
 <b>RECONCILIATION OF OPERATING INCOME   (LOSS) TO NET CASH PROVIDED (USED)   BY OPERATING ACTIVITIES</b>				
Operating income (loss)	(796,785)	(559,515)	21,690	(1,334,610)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	389,200	8,785	0	397,985
Change in assets and liabilities:				
Receivables, net	(1,693)	(5,440)	0	(7,133)
Due from other funds	0	0	0	0
Inventories	(889)	0	0	(889)
Prepaid items	0	0	0	0
Accounts payables	(1,791)	(8,574)	0	(10,365)
Accrued expenses	731	569	0	1,300
Deferred revenue	(2,181)	0	0	(2,181)
Due to other funds	<u>0</u>	<u>2,331</u>	<u>0</u>	<u>2,331</u>
 <b>NET CASH PROVIDED BY OPERATING   ACTIVITIES</b>	 <u>\$ (413,408)</u>	 <u>\$ (561,844)</u>	 <u>\$ 21,690</u>	 <u>\$ (953,562)</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



HOUSING AUTHORITY OF THE CITY OF MINDEN

FIDUCIARY FUND  
STATEMENT OF ASSETS AND LIABILITIES  
June 30, 2004

Statement D

AGENCY  
FUND

ASSETS

Cash and cash equivalents

\$ 7,392

TOTAL ASSETS

7,392

LIABILITIES

Deposits due others

7,392

TOTAL LIABILITIES

\$ 7,392

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the City of Minden  
Notes to the Basic Financial Statements**

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**Housing Authority of the City of Minden**  
**Notes to the Basic Financial Statements**

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

**A. REPORTING ENTITY** Housing authorities are chartered as public corporations under the laws LSA-R.S. 40:391 of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority of the City of Minden is governed by a five-member board of commissioners. The members, appointed by the Honorable Mayor of the City of Minden, serve a staggered term of five years.

The Housing Authority has the following units:

	<u># of Units</u>
PHA Owned Housing	247
Section 8	
Housing Choice Vouchers	137

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the City of Minden since the City appoints a voting majority of the Housing Authority's governing board. The City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Minden. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Minden.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various resident associations which are legally separate entities.

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

The funds of the Housing Authority are classified in two categories: proprietary and fiduciary.

**Housing Authority of the City of Minden  
Notes to the Basic Financial Statements**

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

*The general fund accounts for the transactions of the public housing low rent program and the capital fund program. The tenant based Section 8 fund accounts for the Section 8 Voucher program. The other enterprise fund accounts for management fees collected.*

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Housing Authority. The Webster literacy grant fund and the FAME resident council fund are agency funds which account for assets held by the Housing Authority as an agent.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING** Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

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

Fiduciary funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

**D. BUDGETS**

**General Budget Policies** The Housing Authority adopted budgets for all funds. The budgets for the Capital Fund Programs are multiple-year budgets.

HUD approves all budgets for all HUD-funded programs. The budget is controlled by fund at the function level. Budgetary amendments require approval of the governing body.

All appropriations lapse at year-end.

**Encumbrances** Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

**Housing Authority of the City of Minden  
Notes to the Basic Financial Statements**

In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made. Formal budget integration (within the accounting records) is employed as a management control device.

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

**F. INVESTMENTS** Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

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

**Definitions:**

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

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

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

**H. INVENTORY AND PREPAID ITEMS** All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the consumption method.

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

**Housing Authority of the City of Minden  
Notes to the Basic Financial Statements**

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

Site improvements	15 years
Buildings	40 years
Office equipment (other than computers)	5 years
Computers	3 years
Automobiles and trucks	7 years

**J. COMPENSATED ABSENCES** The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

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

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

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

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

**NOTE 2 - DEPOSITS AND INVESTMENTS** At June 30, 2004, the Housing Authority has cash and cash equivalents (book balances) totaling \$967,501 as follows:

*Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.*

At year-end, the Housing Authority's carrying amount of deposits was \$967,501 including restricted deposits of \$22,325, and the bank balance was \$985,688. Of the bank balance, \$222,325 was covered by federal depository insurance. \$763,363 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (GASB Category 3).

**Housing Authority of the City of Minden  
Notes to the Basic Financial Statements**

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 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 Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3 - RECEIVABLES** The receivables of \$19,110, net of allowance for doubtful accounts of \$1,430, at June 30, 2004, are as follows:

<u>Class of Receivables</u>	<u>Total</u>
HUD	\$ 5,435
Residents	7,044
Others	5,530
Interest	1,101
Total	<u>\$ 19,110</u>

**NOTE 4 - CAPITAL ASSETS** The changes and balances in capital assets are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Land	\$ 59,580	\$ 0	\$ 0	\$ 59,580
Site improvements	443,994	0	0	443,994
Buildings and building improvements	9,613,413	873,278	0	10,486,691
Furniture and equipment	662,052	71,267	35,786	697,533
Construction in progress	801,087	122,410	873,278	50,219
Total	<u>11,580,126</u>	<u>1,066,955</u>	<u>909,064</u>	<u>11,738,017</u>
Less accumulated depreciation:				
Site improvements	350,222	131	0	350,353
Buildings and building improvements	6,138,775	359,620	0	6,498,395
Furniture and equipment	564,327	38,232	35,786	566,773
Total	<u>7,053,324</u>	<u>397,983</u>	<u>35,786</u>	<u>7,415,521</u>
Capital assets, net	<u>\$ 4,526,802</u>	<u>\$ 668,972</u>	<u>\$ 873,278</u>	<u>\$ 4,322,496</u>

**NOTE 5 - RETIREMENT SYSTEM** The Housing 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. 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.

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 five percent of each participant's basic (excludes overtime) compensation. The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

**Housing Authority of the City of Minden  
Notes to the Basic Financial Statements**

The Housing Authority's total payroll for year ended June 30, 2004, was \$308,623. The Housing Authority's contributions were calculated using the base salary amount of \$307,969. Both the Housing Authority and the covered employees made the required contributions of \$30,797 for the year ended June 30, 2004.

**NOTE 6 - ACCRUED WAGES AND PAYROLL TAXES** The payables at June 30, 2004, are as follows:

Payroll deductions and taxes	\$ 2,460
Compensated absences - short-term	11,938
Total	\$ 14,398

**NOTE 7 - COMPENSATED ABSENCES** At June 30, 2004, employees of the Housing Authority have accumulated and vested \$31,766 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made. Following is a summary of the compensated absence transactions for the year.

Balance at beginning of year	\$ 26,423
Additions	7,935
Deductions	2,592
Balance at end of year	\$ 31,766

**NOTE 8 - CHANGES IN AGENCY DEPOSITS DUE OTHERS** - A summary of changes in the agency funds follows:

	Webster Parish Literacy	FAME Resident Council	Total
Balance, beginning	6,537	1,749	8,286
Additions	3	1,985	1,988
Deductions	0	2,882	2,882
Balance, ending	6,540	852	7,392

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

**Construction Projects** There are certain major construction projects in progress at June 30, 2004. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

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

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



**Housing Authority of the City of Minden**  
**Notes to the Basic Financial Statements**

**NOTE 10 - RISK MANAGEMENT** The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance through the Louisiana Housing Council Authorities Group Self-Insurance Trust. This self-insurance program is a public entity risk pool which has been approved by both the State of Louisiana Insurance Commission and the Department of Housing and Urban Development. The Trust operates as any other commercial insurance company. Five insurance companies currently share the excess coverage insurance. No additional assessments can be made against the Housing Authority. The Housing Authority is responsible only for the premium payments.

**NOTE 11 – NEW FINANCIAL REPORTING MODEL** The Governmental Accounting Standards Board (GASB) issued Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments in June 1999. The Statement, commonly referred to as the new reporting model, retained much of the reporting under the present reporting model, with modifications, and added new information. The most significant addition is the Management's Discussion and Analysis (which follows this independent auditors' report). The most apparent modification to the format of the old reporting model that is being carried forward will be the *display of major funds in the Fund Financial Statements, rather than the traditional fund-type display.*

**HOUSING AUTHORITY OF THE CITY OF MINDEN**

**ACTUAL MODERNIZATION  
COST CERTIFICATE  
JUNE 30, 2004**

1. The actual Capital Fund program cost is as follows:

	<u>PROJECT</u> <u>LA48P 037 50 102</u>
Funds Approved	\$ 336,165
Funds Expended	<u>336,165</u>
Excess of Funds Approved	<u><u>0</u></u>
Funds Advanced	336,165
Funds Expended	<u>336,165</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project as shown on the final schedule of Capital Fund program expenditures dated July 7, 2004 accompanying the actual Capital Fund program cost certificate submitted to HUD for approval is in agreement with the PHA's records.

3. All Capital Fund program costs have been paid and all related liabilities have been discharged through payment.

**Housing Authority of the City of Minden**  
**COMPENSATION PAID BOARD MEMBERS**

The members of the Board of Commissioners are as follows:

Larry Johnson, Chairman	\$ 900
Dr. Gary Daniel, Vice Chairman	900
Truvesta Johnson	900
Eugene Martin	900
Angela Wills	<u>900</u>
	<u>\$ 4,500</u>

**HOUSING AUTHORITY OF THE CITY OF MINDEN  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2004**

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Fiduciary	Total
111	Cash - Unrestricted	\$78,604	\$442,605	\$177,109	\$0	\$7,392	\$705,710
114	Cash - Tenant Security Deposits	\$0	\$22,325	\$0	\$0	\$0	\$22,325
100	Total Cash	\$78,604	\$464,930	\$177,109	\$0	\$7,392	\$728,035
121	Accounts Receivable - PHA Projects	\$0	\$0	\$5,435	\$0	\$0	\$5,435
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$4,562	\$0	\$4,562
125	Accounts Receivable - Miscellaneous	\$0	\$968	\$0	\$0	\$0	\$968
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$8,474	\$0	\$0	\$0	\$8,474
126	Allowance for Doubtful Accounts - Dwelling Rents	\$0	(\$1,430)	\$0	\$0	\$0	(\$1,430)
126	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$0	\$875	\$226	\$0	\$0	\$1,101
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$8,887	\$5,661	\$4,562	\$0	\$19,110
131	Investments - Unrestricted	\$0	\$204,595	\$34,871	\$0	\$0	\$239,466
142	Prepaid Expenses and Other Assets	\$0	\$46,521	\$0	\$0	\$0	\$46,521
143	Inventories	\$0	\$13,253	\$0	\$0	\$0	\$13,253
143	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$4,489	\$0	\$0	\$0	\$4,489
150	Total Current Assets	\$78,604	\$742,675	\$217,641	\$4,562	\$7,392	\$1,050,874
161	Land	\$0	\$503,574	\$0	\$0	\$0	\$503,574
162	Buildings	\$0	\$10,486,691	\$0	\$0	\$0	\$10,486,691
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$337,096	\$0	\$0	\$0	\$337,096
164	Furniture, Equipment & Machinery - Administration	\$0	\$307,119	\$53,318	\$0	\$0	\$360,437
166	Accumulated Depreciation	\$0	(\$7,378,561)	(\$36,960)	\$0	\$0	(\$7,415,521)
167	Construction In Progress	\$0	\$0	\$0	\$50,219	\$0	\$50,219
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$4,255,919	\$16,358	\$50,219	\$0	\$4,322,496
180	Total Non-Current Assets	\$0	\$4,255,919	\$16,358	\$50,219	\$0	\$4,322,496
190	Total Assets	\$78,604	\$4,998,594	\$233,999	\$54,781	\$7,392	\$5,373,370

**HOUSING AUTHORITY OF THE CITY OF MINDEN  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2004**

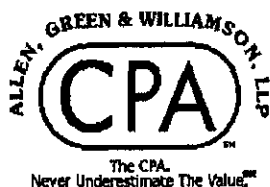
Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Fiduciary	Total
312	Accounts Payable <= 90 Days	\$0	\$10,941	\$1,631	\$1,040	\$0	\$13,612
321	Accrued Wage/Payroll Taxes Payable	\$0	\$2,130	\$165	\$0	\$0	\$2,295
322	Accrued Compensated Absences - Current Portion	\$0	\$11,938	\$0	\$0	\$0	\$11,938
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$3,522	\$0	\$3,522
341	Tenant Security Deposits	\$0	\$21,925	\$0	\$0	\$0	\$21,925
342	Deferred Revenues	\$0	\$2,233	\$0	\$0	\$0	\$2,233
346	Accrued Liabilities - Other	\$0	\$6,838	\$0	\$0	\$0	\$6,838
347	Interprogram Due To	\$646	\$0	\$3,843	\$0	\$0	\$4,489
310	<b>Total Current Liabilities</b>	<b>\$646</b>	<b>\$56,005</b>	<b>\$5,639</b>	<b>\$4,562</b>	<b>\$0</b>	<b>\$66,852</b>
354	Accrued Compensated Absences - Non Current	\$0	\$17,592	\$2,236	\$0	\$0	\$19,828
353	Noncurrent Liabilities - Other	\$0	\$0	\$5,616	\$0	\$7,392	\$13,008
350	<b>Total Noncurrent Liabilities</b>	<b>\$0</b>	<b>\$17,592</b>	<b>\$7,852</b>	<b>\$0</b>	<b>\$7,392</b>	<b>\$32,836</b>
300	<b>Total Liabilities</b>	<b>\$646</b>	<b>\$73,597</b>	<b>\$13,491</b>	<b>\$4,562</b>	<b>\$7,392</b>	<b>\$99,688</b>
508	<b>Total Contributed Capital</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
508	<b>Invested in Capital Assets, Net of Related Debt</b>	<b>\$0</b>	<b>\$4,255,919</b>	<b>\$16,358</b>	<b>\$50,219</b>	<b>\$0</b>	<b>\$4,322,496</b>
511	<b>Total Reserved Fund Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
511	<b>Restricted Net Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
512	<b>Unrestricted Net Assets</b>	<b>\$77,958</b>	<b>\$669,078</b>	<b>\$204,150</b>	<b>\$0</b>	<b>\$0</b>	<b>\$951,186</b>
513	<b>Total Equity/Net Assets</b>	<b>\$77,958</b>	<b>\$4,924,997</b>	<b>\$220,508</b>	<b>\$50,219</b>	<b>\$0</b>	<b>\$5,273,682</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>\$78,604</b>	<b>\$4,998,594</b>	<b>\$233,999</b>	<b>\$54,781</b>	<b>\$7,392</b>	<b>\$5,373,370</b>

**HOUSING AUTHORITY OF THE CITY OF MINDEN  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2004**

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Fiduciary	Total
703	Net Tenant Rental Revenue	\$0	\$253,853	\$0	\$0	\$0	\$253,853
705	Total Tenant Revenue	\$0	\$253,853	\$0	\$0	\$0	\$253,853
706	HUD PHA Operating Grants	\$0	\$410,298	\$559,951	\$10,056	\$0	\$980,305
706	Capital Grants	\$0	\$0	\$0	\$175,050	\$0	\$175,050
711	Investment Income - Unrestricted	\$30	\$5,684	\$1,348	\$0	\$0	\$7,062
715	Other Revenue	\$32,178	\$28,096	\$2,600	\$0	\$0	\$62,872
716	Gain/Loss on Sale of Fixed Assets	\$0	\$2,037	\$0	\$0	\$0	\$2,037
700	Total Revenue	\$32,208	\$699,968	\$563,899	\$185,106	\$0	\$1,481,179
911	Administrative Salaries	\$0	\$116,836	\$31,407	\$0	\$0	\$148,243
912	Auditing Fees	\$0	\$7,137	\$3,843	\$0	\$0	\$10,980
914	Compensated Absences	\$0	\$0	\$0	\$0	\$0	\$0
915	Employee Benefit Contributions - Administrative	\$0	\$42,160	\$7,730	\$0	\$0	\$49,890
916	Other Operating - Administrative	\$10,487	\$63,305	\$19,518	\$171	\$0	\$93,481
921	Tenant Services - Salaries	\$0	\$1,889	\$0	\$0	\$0	\$1,889
924	Tenant Services - Other	\$0	\$1,815	\$0	\$0	\$0	\$1,815
931	Water	\$0	\$34,994	\$0	\$0	\$0	\$34,994
932	Electricity	\$0	\$10,387	\$0	\$0	\$0	\$10,387
933	Gas	\$0	\$1,594	\$0	\$0	\$0	\$1,594
938	Other Utilities Expense	\$0	\$210	\$0	\$0	\$0	\$210
941	Ordinary Maintenance and Operations - Labor	\$0	\$177,809	\$0	\$0	\$0	\$177,809
	Ordinary Maintenance and Operations - Materials and						
942	Other	\$0	\$48,862	\$0	\$9,885	\$0	\$58,747
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$9,688	\$0	\$0	\$0	\$9,688
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$63,241	\$0	\$0	\$0	\$63,241
961	Insurance Premiums	\$0	\$77,804	\$4,378	\$0	\$0	\$82,182
963	Payments in Lieu of Taxes	\$0	\$6,793	\$0	\$0	\$0	\$6,793
969	Total Operating Expenses	\$10,487	\$664,524	\$66,876	\$10,056	\$0	\$751,943
970	Excess Operating Revenue over Operating Expenses	\$21,719	\$35,444	\$497,023	\$175,050	\$0	\$729,236
971	Extraordinary Maintenance	\$0	\$16,991	\$0	\$0	\$0	\$16,991
973	Housing Assistance Payments	\$0	\$0	\$486,453	\$0	\$0	\$486,453
974	Depreciation Expense	\$0	\$389,200	\$8,785	\$0	\$0	\$397,985
900	Total Expenses	\$10,487	\$1,070,715	\$562,114	\$10,056	\$0	\$1,653,372
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$21,719	(\$370,747)	\$1,785	\$175,050	\$0	(\$172,193)

**HOUSING AUTHORITY OF THE CITY OF MINDEN  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2004**

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Fiduciary	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$56,239	\$4,369,826	\$218,723	\$801,087	\$0	\$5,445,875
	Prior Period Adjustments, Equity Transfers and						
1104	Correction of Errors	\$0	\$925,918	\$0	(\$925,918)	\$0	\$0
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$575,975	\$0	\$0	\$575,975
	<i>Prorata Maximum Annual Contributions Applicable to a</i>						
1114	Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$21,524	\$0	\$0	\$21,524
1116	Total Annual Contributions Available	\$0	\$0	\$597,499	\$0	\$0	\$597,499
1120	Unit Months Available	0	2,964	1,644	0	0	4,608
1121	Number of Unit Months Leased	0	2,896	1,602	0	0	4,498



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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 Minden  
Minden, Louisiana

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Minden, as of and for the year ended June 30, 2004, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated October 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### Compliance and Other Matters

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

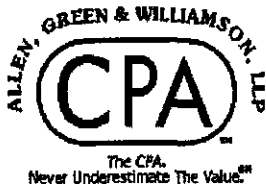
This report is intended solely for the information and use of the Board, management, and the federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
October 8, 2004





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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 No. A-133**

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

### Compliance

We have audited the compliance of the Housing Authority of the City of Minden, Minden, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB Circular No. A-133 Compliance Supplement) that are applicable to each of its major federal programs for the year ended June 30, 2004. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether *noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program* occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing 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. However, the results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with OMB Circular No. A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item #04-F1.

### Internal Control Over Compliance

The management of the Housing 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 our audit, we considered the Housing 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Housing Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item #04-F1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Board, management, and the federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Allen, Green + Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
October 8, 2004

**Housing Authority of the City of Minden  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2004**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	Expenditures
United States Department of Housing and Urban Development			
Direct Programs			
Public and Indian Housing			
Operating Subsidy	14.850	FW2026	\$ 410,298
Section 8 Housing Choice Vouchers	14.871	FW2026	559,951
Public Housing Capital Fund Program	14.872	FW2026	185,106
Total			<u>\$ 1,155,355</u>

**Housing Authority of the City of Minden**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2004**

**NOTE 1 - GENERAL** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

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

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS** Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

Nonoperating revenues	
Federal grants	\$ 980,305
Capital Contributions	\$ 175,050

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

**NOTE 5 - FEDERAL AWARDS** For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

**Housing Authority of the City of Minden  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2004**

**PART I - Summary of the Auditors' Results**

**Financial statement audit**

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

**Audit of federal awards**

- iv. There was a reportable condition required to be disclosed by OMB Circular No. A-133.  
The reportable condition disclosed was not considered a material weakness.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed one audit finding which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal program is:  
CFDA #14.850                      Public and Indian Housing Operating Subsidy
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Housing Authority of the City of Minden  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2004**

**PART III - Findings and questioned costs for federal awards which are required to be reported under  
OMB Circular No. A-133 Section .510(a):**

**Reference # and title: 04-F1      Management Assessment Subsystem (MASS)**

**Entity-wide or program/department specific:** This finding relates to Public and Indian Housing Operating Subsidy, CFDA# 14.850 for grant year 2004.

**Criteria or specific requirement:** HUD primarily measures housing agencies management performance through the management operations indicators of its Public Housing Assessment System (PHAS). Public housing authorities are required to submit certain information to HUD under the MASS in accordance with 24CFR, Part 901.

**Condition found:** Totals for emergency and non-emergency work orders could not be traced to supporting documentation.

**Possible asserted effect (cause and effect):**

**Cause:** The Housing Authority changed software programs during the year. A report was generated from the new software for the period the software was in use. For the remainder of the year, an employee gathered information from the resident files and added the numbers to the computer generated report.

**Effect:** Documentation was not provided for the information gathered from the resident files.

**Recommendations to prevent future occurrences:** Documentation should be retained to support the numbers used for emergency and non-emergency work orders. This information should be in a form to provide for testing of the information.

## **Housing Authority of the City of Minden**

### **Other Information**

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings and is required by U. S. Office of Management and Budget (OMB Circular No. A-133). This information has been prepared by the management of the Housing Authority. Management accepts full responsibility, as required by OMB Circular No. A-133, for the accuracy of the information. This information has not been audited by the auditors except as required by OMB Circular No. A-133 Section 500(e), and accordingly, no opinion is expressed. Section 500(e) requires the auditor to follow up on prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings prepared by the auditee, and report, as a current-year audit finding when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit finding.

**Housing Authority of the City of Minden  
Summary Schedule of Prior-Year Findings  
June 30, 2003**

**Finding reference # and title:**    **03-F1**            **Unsecured Deposits**

**Initially occurred:** June 30, 2003.

**Condition:** Louisiana Revised Statutes Title 39-Public Finance addresses collateralization requirements for public funds. Specifically, LSA-R.S. 39:1218 and LSA-R.S. 39:1225 required that fiscal agents of a depositing authority, such as the Housing Authority, provide security at all times equal to one hundred percent of the amount of collected funds. The securities should be of the types outlined in LSA-R.S. 39:1221.

At June 30, 2003, the Housing Authority had \$844,323 on deposit with one depository. FDIC covered \$100,000 of deposits and the bank had pledged collateral with a market value of \$228,848 at June 30, 2003. The remaining \$515,475 was uncollateralized.

**Corrective action taken:** A discussion was held with the person responsible for pledging securities at the bank. Each month the Housing Authority will receive a pledge report and it will be reviewed to ensure that deposits are secured.

**Person responsible for corrective action:**

Reese Hood, Executive Director	Telephone: (318) 377-1077
Housing Authority of the City of Minden	Fax: (318) 377-6252
1209 East Street	
Minden, LA 71055	

**Finding reference # and title:**    **03-F2**            **Resident Files**

**Initially occurred:** June 30, 2003.

**Condition:** 24 CFR Sections 5.212, 5.230 and 5.601 through 5.617, as well as HUD guidance concerning the Form 50058 contain requirements for information required to be maintained in resident files. These requirements dictate that a copy of HUD Form 50058 be maintained for each resident. Social security numbers and dates of birth listed on the form should agree to the proof provided. Residents must provide proof of birth dates for all family members and must provide social security numbers for all children over the age of six.

The following exceptions were noted for the sample of 15 resident files tested:

1. Social Security numbers and/or birth dates listed on HUD Form 50058 did not match the proof in the files of four residents.
2. Resident files for six residents did not contain a social security number or birth certificate for all family members.
3. Two resident files did not contain social security numbers for their children over the age of six.

**Corrective action taken:** The Housing Authority staff is aware of the problem of social security numbers not matching the proof in the files. This has been corrected. Social security numbers and birth certificates are double-checked to make sure they are in the files if required. HUD Form 50058 is being checked to supporting documents for accuracy.

**Person responsible for corrective action:**

Reese Hood, Executive Director	Telephone: (318) 377-1077
Housing Authority of the City of Minden	Fax: (318) 377-6252
1209 East Street	
Minden, LA 71055	



**Housing Authority of the City of Minden  
Corrective Action Plan For Current-Year Audit Findings  
As of and for the Year Ended June 30, 2004**

**Reference # and title:**            **04-F1**            **Management Assessment Subsystem (MASS)**

**Condition:** HUD primarily measures housing agencies management performance through the management operations indicators of its Public Housing Assessment System (PHAS). Public housing authorities are required to submit certain information to HUD under the MASS in accordance with 24CFR, Part 901. Totals for emergency and non-emergency work orders could not be traced to supporting documentation.

**Corrective action planned:** *The Housing Authority has a new software program which will capture the information needed for work orders.*

**Contact person responsible for corrective action:**

Reese Hood, Executive Director	Telephone: (318) 377-1077
Housing Authority of the City of Minden	Fax: (318) 377-6252
1209 East Street	
Minden, Louisiana 71055	

**Anticipated completion date:** Immediately

**Housing Authority of the City of Minden**  
**Status of Prior Management Findings**  
**June 30, 2004**

**03-M1**      **Vendor and Payroll Disbursements**

**Comment:** Good internal control requires that a system be in place which ensures completeness and accuracy in entries made into the general ledger. A test of vendor disbursements yielded one check which, when traced to the general ledger, had a different payee and a different amount from the payee and amount shown on the canceled check. In addition, controls over the payroll function should include review and authorization of time cards or time sheets by a supervisor. A test of payroll disbursements indicated that administration personnel time sheets were not being signed by a supervisor.

**Management's Action Taken:** Our fee accountant compares the check register to invoices for accuracy and completeness after the invoices are processed. Time sheets are now being reviewed and signed by the Executive Director.