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HOUSING AUTHORITY OF SULPHUR
REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
TWELVE MONTHS ENDED DECEMBER 31, 2003

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 7-28-04

Mike Estes, P.C.
A Professional Accounting Corporation

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MEMBER
AMERICAN BOARD CERTIFIED
PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners
Housing Authority of Sulphur
Sulphur, Louisiana

Regional Inspector General for Audit
Office of Inspector General
Department of Housing and Urban
Development

We have audited the accompanying general-purpose combined financial statements of the Housing Authority of Sulphur, Louisiana at and for the year ended December 31, 2003, as listed in the table of contents. These general-purpose combined financial statements are the responsibility of the Housing Authority of Sulphur, Louisiana's management. Our responsibility is to express an opinion on these general-purpose combined 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. 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 general-purpose combined financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Sulphur, Louisiana as of December 31, 2003, the results of its operations, changes in its total net assets and statement of cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 2, 2004 on our consideration of Housing Authority of Sulphur's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part on an audit performed 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* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying Financial Data Schedules required by HUD are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Mike Estes, P.C.
Fort Worth, Texas
June 2, 2004

HOUSING AUTHORITY OF THE CITY OF SULPHUR
 COMBINED BALANCE SHEET - ENTERPRISE FUNDS
 YEAR ENDED DECEMBER 31, 2003

ASSETS

| | | |
|---|----|-----------|
| Current assets | | |
| Cash and cash equivalents | \$ | 842,443 |
| Investments | | 30,000 |
| Accounts receivable (net of allowance for doubtful accounts of \$619) | | 23,205 |
| Interfund receivable | | 207,011 |
| Prepaid items and other assets | | 17,598 |
| Inventory | | 3,931 |
| | | <hr/> |
| Total Current Assets | | 1,124,188 |
| | | <hr/> |
| Restricted Assets | | |
| Tenant deposits | | 30,015 |
| | | <hr/> |
| Fixed Assets | | |
| Land, buildings, and equipment (net) | | 3,065,927 |
| | | <hr/> |
| TOTAL ASSETS | | 4,220,130 |
| | | <hr/> |
| <u>LIABILITIES AND FUND EQUITY</u> | | |
| Current Liabilities | | |
| Accounts payable | | 8,336 |
| Deferred revenue | | 12,342 |
| Compensated absences payable | | 6,629 |
| Interfund payable | | 207,011 |
| Accrued PILOT | | 5,787 |
| | | <hr/> |
| Total Current Liabilities | | 240,105 |
| | | <hr/> |
| Current Liabilities Payable from Current Restricted Assets | | |
| Deposits due others | | 30,015 |
| | | <hr/> |
| Noncurrent Liabilities | | |
| Compensated absences payable | | 10,391 |
| | | <hr/> |
| Total Liabilities | | 280,511 |
| | | <hr/> |
| Fund Equity | | |
| Contributed capital | | 2,002,766 |
| Retained earnings: | | |
| Unreserved | | 1,936,853 |
| | | <hr/> |
| Total Fund Equity | | 3,939,619 |
| | | <hr/> |
| TOTAL LIABILITIES AND FUND EQUITY | \$ | 4,220,130 |
| | | <hr/> |

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - ENTERPRISE FUNDS

YEAR ENDED DECEMBER 31, 2003

| | |
|---|--------------------|
| OPERATING REVENUES | |
| Dwelling rental | \$ 277,094 |
| Other | 12,606 |
| | <u>289,700</u> |
| | |
| OPERATING EXPENSES | |
| Administration | 291,062 |
| Tenant services | 3,039 |
| Utilities | 62,491 |
| Ordinary maintenance & operations | 256,769 |
| General expenses | 115,644 |
| Depreciation | 262,497 |
| Housing assistance payments | 763,502 |
| | <u>1,755,004</u> |
| Total operating expenses | <u>(1,465,304)</u> |
| | |
| Non operating revenues | |
| Interest earnings | 8,827 |
| Federal grants | 1,726,173 |
| | <u>1,735,000</u> |
| Total Non-operating revenues (expenses) | <u>1,735,000</u> |
| | |
| NET INCOME | 269,696 |
| | |
| Depreciation on fixed assets acquired by contribution | <u>179,891</u> |
| | |
| Increase in retained earnings | <u>449,587</u> |

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF SULPHUR
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - ENTERPRISE FUNDS

YEAR ENDED DECEMBER 31, 2003

| | |
|---|---------------------|
| RETAINED EARNINGS AT BEGINNING OF YEAR, AS ORIGINALLY STATED | 1,474,802 |
| Prior year adjustment – Note 11 | <u>12,514</u> |
| RETAINED EARNINGS AT BEGINNING OF YEAR, AS RESTATED | <u>1,487,316</u> |
| RETAINED EARNINGS AT END OF YEAR | <u>1,936,853</u> |
| CONTRIBUTED CAPITAL AT BEGINNING OF YEAR | <u>2,182,607</u> |
| Depreciation transferred from retained earnings | <u>(179,891)</u> |
| CONTRIBUTED CAPITAL AT END OF YEAR | <u>2,002,766</u> |
| FUND EQUITY, END OF YEAR | <u>\$ 3,939,619</u> |

(CONCLUDED)

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR
COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

YEAR ENDED DECEMBER 31, 2003

| | |
|---|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Operating loss | \$ (1,465,304) |
| Adjustments to reconcile net income (loss) to | |
| Net cash provided by operating activities | |
| Depreciation | 262,497 |
| Changes in operating current assets and liabilities: | |
| Decrease in accounts receivables | 19,808 |
| Decrease in interfund receivables | 2,474 |
| Decrease in prepaid items and other assets | 3,104 |
| Decrease in inventory | 3,589 |
| Increase in accounts payables | 3,677 |
| Increase in deposits due others | 3,168 |
| Increase in deferred revenue | 10,297 |
| Decrease in interfund payable | (2,474) |
| Decrease in liability for compensated absences | (8,079) |
| | <u>(1,167,243)</u> |
| NET CASH USED BY OPERATING ACTIVITIES | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Federal grants | 1,288,714 |
| Increase in long-term portion of compensated absences | 10,391 |
| | <u>1,299,105</u> |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Federal grants | 437,459 |
| Construction costs and purchase of equipment | (463,218) |
| | <u>(25,759)</u> |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | |

CONTINUED

HOUSING AUTHORITY OF THE CITY OF SULPHUR
COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

EXHIBIT C

YEAR ENDED DECEMBER 31, 2003

| | |
|--|-------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Increase in restricted assets | (3,168) |
| Interest earnings | <u>8,827</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>5,659</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 111,762 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>730,681</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 842,443</u> |
| | CONCLUDED |

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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HOUSING AUTHORITY OF THE CITY OF SULPHUR
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying general-purpose financial statements of the Housing Authority of the City of Sulphur have been prepared in conformity with generally accepted accounting principles (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. BASIS OF PRESENTATION Housing Authorities are chartered as a public corporation under the laws (LSA-R.S. 40:391) of the state of state for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member board of Commissioners. The members, appointed by the Honorable Mayor of the City of Sulphur, serve staggered multi-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 Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-rent character.

The Housing Authority had 214 units in Low Rent management in three projects. It also administers 105 and 95 units of Section 8 Housing Choice Voucher and Moderate Rehab, respectively.

| Program | Contract Number | Number Of Units |
|------------------------|--------------------|--------------------|
| PHA owned housing | FW-907 | 214 |
| Housing Choice Voucher | LA063VO | 105 |
| Moderate Rehab | LA003MR | 95 |

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

The Housing Authority is a related organization of the City of Sulphur since the City of Sulphur appoints a voting majority of the Housing Authority's governing board. The City of Sulphur 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

HOUSING AUTHORITY OF THE CITY OF SULPHUR
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

impose financial burdens on, the City of Sulphur. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Sulphur.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority 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, which 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's body, and;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Housing Authority.
2. Organizations for which the Housing Authority does not appoint a voting majority but are fiscally dependent on the Housing authority.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

C. 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 is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. 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.

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 for 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.

D. BUDGETS

General Budget Policies The following summarizes the budget activities of the Housing Authority during the year ended December 31, 2003.

HOUSING AUTHORITY OF THE CITY OF SULPHUR
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

The Housing Authority adopted budgets for all HUD-funded programs. The budget is controlled by fund at the function level. All appropriations lapse at year end. Budgets are prepared on the modified accrual basis of accounting.

The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

E. CASH AND CASH EQUIVALENTS Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. 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 state law and national banks having their principal offices in state.

Under state law, the Housing Authority may invest in United States bonds, treasure 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. Investments are state at the lower of market or cost.

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 quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider markets rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments *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.

HOUSING AUTHORITY OF THE CITY OF SULPHUR
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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 Inventories consist of expendable supplies held for consumption stated on a lower of cost or market on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

I. FIXED 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. *Interest costs during construction have not been capitalized.* Straight-line depreciation is used based on the following estimated useful lives:

| | |
|------------------------|--------------|
| Site improvements | 15 years |
| Buildings | 33 years |
| Building improvements | 15 years |
| Furniture and fixtures | 5 to 7 years |
| Computers | 3 years |

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

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

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name

Category 3 - Uninsured and unregistered investments held by the counter-party, its trust department, or its agent, but not in the Authority's name

At December 31, 2003 the Housing Authority has Cash equivalents, and investments totaling \$902,458 as follows:

| | | |
|--|----|---------|
| Cash on hand | \$ | 225 |
| Interest-bearing demand deposits | | 872,233 |
| Time deposits | | 30,000 |
| Total | \$ | 902,458 |
| | | |
| Cash and cash equivalents | \$ | 842,443 |
| Cash and cash equivalents – restricted | | 30,015 |
| Investments | | 30,000 |
| Total | \$ | 902,458 |

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the Housing Authority's carrying amount of deposits was \$902,233 and the bank balance was \$916,965. Of the bank balance, \$200,000 was covered by federal depository insurance (GASB Category 1). The remaining \$716,965 was collateralized with securities held by the pledging financial institution's trust department or agent but in the Housing Authority's name (GASB Category 2).

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

NOTE 3 – RECEIVABLES the receivables of \$23,205 at December 31, 2003, are as follows:

| <u>Class of Receivables</u> | |
|-----------------------------|-----------|
| Local sources | |
| Tenants | \$ 1,438 |
| Other | 201 |
| Federal sources: | |
| Grants | 21,566 |
| Total | \$ 23,205 |

NOTE 4 – FIXED ASSETS The changes in general fixed assets are as follows:

| | Balance 12/31/02 | Additions | Deletions | Balance 12/31/03 |
|--------------------------------|---------------------|------------|------------|---------------------|
| Land and buildings | \$ 7,561,257 | \$ 591,149 | \$ 0 | \$ 8,152,406 |
| Furniture and equipment | 171,806 | 27,227 | 1,467 | 197,566 |
| Construction in progress | 438,972 | 0 | 153,691 | 285,281 |
| Total | 8,172,035 | 618,376 | 155,158 | 8,635,253 |
| Less: accumulated depreciation | | | | |
| Buildings | 5,190,808 | 245,697 | 0 | 5,436,505 |
| Furniture and equipment | 117,487 | 16,801 | 1,467 | 132,821 |
| Total | 5,308,295 | 262,498 | 1,467 | 5,569,326 |
| Fixed assets, net | \$ 2,863,740 | \$ 355,878 | \$ 153,691 | \$ 3,065,927 |

NOTE 5 – RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan from the first anniversary date of the employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 6.5 percent of his effective compensation. The employer is required to make monthly contributions equal to 8.5 percent of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is 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 SULPHUR
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

The Housing Authority's contributions were calculated using the base salary amount of \$186,323. The Housing Authority made the required contributions of \$27,948 for the year ended December 31, 2003, of which \$15,837 was paid by the Housing Authority and \$12,111 was paid by employees. No payments were made out of the forfeiture account.

NOTE 6 – ACCOUNTS PAYABLE The payables of \$8,336 at December 31, 2003, are as follows:

| | | |
|----------------|----|-------|
| Trade payables | \$ | 3,601 |
| Federal grants | | 4,735 |
| | | 8,336 |
| | \$ | 8,336 |

NOTE 7 – COMPENSATED ABSENCES At December 31, 2003, employees of the Housing Authority have accumulated and vested \$17,020 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.

NOTE 8 – GENERAL LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended December 31, 2003.

| | | |
|-------------------|----|-------------------------|
| | | Compensated Absences |
| | | 0 |
| Balance, 12/31/02 | | 0 |
| Additions | \$ | 10,391 |
| Deductions | | 0 |
| | | 0 |
| Balance, 12/31/03 | \$ | 10,391 |

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Construction Projects There are certain renovation or construction projects in progress at December 31, 2003. These include modernizing rental units. 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 federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act Amendments of 1996 and OMB circular No. A-133 through December 31, 2003, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

HOUSING AUTHORITY OF THE CITY OF SULPHUR
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

NOTE 10 – INTERFUND RECEIVABLES AND PAYABLES At December 31, 2003, interfund receivables and payables are as follows:

| | | Receivable | | Payable |
|-------------------|----|------------|----|---------|
| Shelter Plus Care | \$ | 567 | \$ | 0 |
| Low Rent | | 81,897 | | 11,775 |
| Mod Rehab | | 68,762 | | 0 |
| Vouchers | | 44,010 | | 195,236 |
| Capital Fund | | 11,775 | | 0 |
| | \$ | 207,011 | \$ | 207,011 |

NOTE 11 – PRIOR YEAR ADJUSTMENTS Prior year adjustments consist of the following:

| | | |
|---|----|--------|
| Equipment incorrectly expensed in prior year (correction of an error) | \$ | 11,676 |
| Changes in administrative fees earned for prior year per HUD-approved year end settlement statement | | 838 |
| | \$ | 12,514 |

For the year ended December 31, 2002, net income was originally reported as \$411,083. The revised net income for 2002 is \$423,597.

NOTE 12 – SUBSEQUENT EVENTS On January 1, 2004, the PHA leased unimproved real property to a nonprofit religious corporation, (the Corporation). The lease is for ninety nine years, ending December 31, 2103. The rent is \$100.00 per year, payable in advance, on or before January 5 for each lease year.

The Corporation plans to construct a multi-purpose center which will be available to PHA residents. The lessee (the Corporation) will bear all of the construction, overhead and operating costs.

Prior to execution of the lease, the PHA obtained the review and approval of the HUD – New Orleans Public Housing Staff, Legal Counsel in the Field Office, and of the HUD Fort Worth General Counsel.

On January 20, 2004, the PHA completed the demolition of twelve units of LA063005. Prior to this, approval to demolish these units had been gained from HUD’s Special Applications Center.

SUPPLEMENTARY INFORMATION

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

YEAR ENDED DECEMBER 31, 2003

1. The Actual Modernization Costs are as follows:

| | | 2002 CFP | |
|--------------------------|----|--------------------|--|
| | | <u> </u> | |
| Funds approved | \$ | 368,485 | |
| Funds expended | | <u>368,485</u> | |
| Excess of funds approved | \$ | <u> 0</u> | |
| | | | |
| Funds advanced | \$ | 368,485 | |
| Funds expended | | <u>368,485</u> | |
| Excess of funds advanced | \$ | <u> 0</u> | |

2. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated September 3, 2003 accompanying the Actual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

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

YEAR ENDED DECEMBER 31, 2003

CASH BASIS

| | | 2000 CFP | | 2001 CFP | | 2003 CFP |
|--------------------------|----|-------------------|----|-------------------|----|-------------------|
| | \$ | <u> </u> | \$ | <u> </u> | \$ | <u> </u> |
| Funds approved | \$ | 380,283 | \$ | 387,932 | \$ | 286,081 |
| Funds expended | | <u>371,557</u> | \$ | <u>384,884</u> | | <u>4,773</u> |
| Excess of funds approved | \$ | <u>8,726</u> | \$ | <u>3,048</u> | \$ | <u>281,308</u> |
| | | | | | | |
| Funds advanced | \$ | 380,283 | \$ | 387,932 | \$ | 4,773 |
| Funds expended | | <u>371,557</u> | | <u>384,884</u> | | <u>4,773</u> |
| Excess of funds advanced | \$ | <u>8,726</u> | \$ | <u>3,048</u> | \$ | <u>0</u> |

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

Housing Authority of Sulphur
Sulphur, Louisiana

We have audited the compliance of the Housing Authority of Sulphur, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The Housing Authority of Sulphur, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Sulphur, Louisiana's Management. Our responsibility is to express an opinion on the Housing Authority of Sulphur, Louisiana's compliance based on our audit.

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

In our opinion, the Housing Authority of Sulphur, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. We noted one immaterial instance of noncompliance on a non-major program. It is the one audit finding.

Internal Control Over Compliance

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

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

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

Mike Estes, P.C.
Fort Worth, Texas
June 2, 2004

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PUBLIC ACCOUNTANTS

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

Housing Authority of Sulphur
Sulphur, Louisiana

We have audited the financial statements of the Housing Authority of Sulphur, Louisiana as of and for the year ended December 31, 2003, and have issued our report thereon dated June 2, 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.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of Sulphur, Louisiana'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 a 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 that are required to be reported under *Government Auditing Standards*. We noted one immaterial instance of noncompliance. It is the one audit finding.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of Sulphur, Louisiana'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements 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.

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

Mike Estes, P. C.
Fort Worth, Texas
June 2, 2004

HOUSING AUTHORITY OF THE CITY OF SULPHUR
STATEMENT OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2003

| FEDERAL GRANTOR PROGRAM TITLE | <u>CDFA NO.</u> | <u>PROGRAM EXPENDITURES</u> |
|---|---------------------|---------------------------------|
| U. S. Department of Housing and Urban Development Direct Programs: | | |
| Low-Income Housing Operating Subsidy | 14.850 | <u>377,333</u> |
| Section 8 HAP – Moderate Rehab | 14.856 | <u>359,543</u> |
| Shelter Plus Care | 14.238 | <u>63,386</u> |
| Housing Choice Voucher | 14.871 | <u>447,570</u> |
| Public Housing Capital Fund | 14.872 | <u>478,341</u> |
| Total United States Department of Housing and Urban Development | \$ | <u><u>1,726,173</u></u> |
| Total Expenditures of Federal Awards | \$ | <u><u>1,726,173</u></u> |

Total Expenditure of Federal Awards

HOUSING AUTHORITY OF THE CITY OF SULPHUR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2003

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

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

NOTE 3 – RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

| | | Federal Sources |
|------------------------|----|-----------------|
| Enterprise funds: | | |
| Public Housing | \$ | 377,333 |
| Mod Rehab | | 359,543 |
| Shelter Plus Care | | 63,386 |
| Housing Choice Voucher | | 447,570 |
| Capital Fund | | 478,341 |
| Total | \$ | 1,726,173 |

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

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

YEAR ENDED DECEMBER 31, 2003

Financial Statement Audit

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

Audit of Federal Awards

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

| | |
|--------------|----------------------------------|
| CFDA# 14.871 | Section 8 Housing Choice Voucher |
| CFDA# 14.872 | Capital Fund |

- 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 not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

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

YEAR ENDED DECEMBER 31, 2003

Prior Audit Findings and Questioned Costs

The prior audit reports contained no audit findings.

Current Audit Findings

Low Rent

03 – 01 – Three Employees Living in Project at Reduced Rent, Permission Not Yet Obtained From HUD

Statement of Condition

The PHA has three employees living in the PHA at a reduced rent. Written permission has not been obtained from HUD.

Criteria

In accordance with HUD 7465.1 REV – 2, 6.3 (a), employees who are required to live in public housing, as a condition of their employment, may be charged a reduced, but reasonable rent. Permission must be obtained from HUD. The units must be excluded for occupancy for purposes of calculating the operating subsidy.

Effect and Questioned Costs

The PHA is properly excluding the three units from the PFS calculation. All three employees live in the area surrounding the office, and at least one is always on call. The area surrounding the PHA office is subject to flash flooding, and in those times, access to this part of the project from all four directions is sometimes blocked. According to the Assistant Executive Director, the PHA has had two flash floods in 2004.

Cause

The PHA only recently allowed employees to live in the PHA at a reduced rate. The PHA wrote the Area Office recently, and has yet to receive a reply.

Recommendation

The PHA should make a second written attempt to obtain HUD's permission. If permission is not obtained by the time the next PFS calculations are due, the PHA should charge income based rents and include the units in the PFS calculations.

Corrective Action Plan Response 03 – 01

I am Lawrence Italo, Executive Director and Designated Person to answer this finding. If permission is not obtained by the time of our next PFS calculation, we will follow the auditor's suggestion.

SEE MANAGEMENT LETTER ON NEXT PAGE

HOUSING AUTHORITY OF THE CITY OF SULPHUR
SCHEDULE OF MANAGEMENT LETTER ITEMS

YEAR ENDED DECEMBER 31, 2003

03 – M1 - Travel Expenses

During the audit period, for travel, the check voucher that paid the monthly credit card included copies of motel bills and the restaurant receipts. But, from reviewing this check voucher information, often times the purpose of the travel and who dined was unclear.

By linking seminar payments and reviewing payroll attendance records, we established the purpose of the travel, who attended, and who dined.

Management needs to include all of this pertinent information with the credit card payment.

03 – M1 – Corrective Action Plan – Response

We have developed a more concise way to explain and document our travel. We will start this immediately.

03 – M2 – Review of PIH Notice and Quality Control Checklists

The PHA does a very good job of the tenant file items that a RIM Review would cover. The Assistant Director, who oversees the Section 8 program, and the Low Rent Manager attended a RHIP and UIV HUD-sponsored seminar in Florida.

Still, the personnel should carefully review Notice PIH 2004.1, issued March 9, 2004, regarding HUD established verification policies, and the HUD-preferred hierarchy of verification.

In addition, the PHA should improve the documentation of its quality control reviews.

03 – M2 – Corrective Action Plan – Response

The auditor gave us examples of quality control checklists which are more extensive than ours presently. We will immediately start using these checklists, or at least modify and extend the ones we presently use.

HOUSING AUTHORITY OF THE CITY OF SULPHUR
SCHEDULE OF MANAGEMENT LETTER ITEMS

YEAR ENDED DECEMBER 31, 2003

03 M3 – Monthly Rental Collections – Documentation

In the area of collecting and recording receipts from rental revenue and assessed charges to tenants, the PHA does an adequate job of segregating duties and performing quality control checks, considering the limited staff.

However, documentation of the quality control needs to be improved. I have left a suggested daily control log with the PHA. This daily control should note:

- a) Person(s) receiving rental collections and issuing receipts to tenants.
- b) Person who reconciles and agrees total of cash receipts drawer to total of duplicates of rental receipts and/or computer receipts' listing.
- c) Person who prepares bank deposit.
- d) Person who agrees validated bank deposit total to original amount of deposit per © above.
- e) Person who agrees total month's validated deposit(s) to bank statement.
- f) Person who reconciles total rental receipts per bank to the collections per the monthly rental register (done monthly).

03 – M3 – Corrective Action Plan – Response

We will start using this control log immediately.

HOUSING AUTHORITY OF THE CITY OF SULPHUR
SCHEDULE OF AUDIT JOURNAL ENTRIES

YEAR ENDED DECEMBER 31, 2003

| | ACCT. # FOR AUDIT PURPOSES | DR | CR | ACCT. # FOR POSTING TO PHA BOOKS |
|---------------------------------------|-------------------------------------|--------|--------|--|
| 1 <u>Low Rent</u> | | | | |
| Equity Transfer | 1104 | 88,019 | | |
| Due to Voucher | 144 | | 44,010 | |
| Due to Mod Rehab | 144 | | 44,009 | |
| To adjust for transfer to Low Rent | | | | |
| 2 <u>Section 8 Voucher</u> | | | | |
| Due from Low Rent | 144 | 44,010 | | |
| Prior year adjustments | 1104 | | 44,010 | |
| To adjust for transfer | | | | |
| 3 <u>Section 8 Mod Rehab</u> | | | | |
| Due from Low Rent | 144 | 44,009 | | |
| Prior year adjustment | 1104 | | 44,009 | |
| To adjust for transfer | | | | |

| Line Item No | Account Description | Shelter Plus Care | Low Rent Public Housing | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat LA063MR0001 | Housing Choice Vouchers | Public Housing Capital Fund Program | Total |
|--------------|--|-------------------|-------------------------|--|-------------------------|-------------------------------------|--------------|
| 111 | Cash - Unrestricted | \$0 | \$609,078 | \$0 | \$233,365 | \$0 | \$842,443 |
| 114 | Cash - Tenant Security Deposits | \$0 | \$30,015 | \$0 | \$0 | \$0 | \$30,015 |
| 100 | Total Cash | \$0 | \$639,093 | \$0 | \$233,365 | \$0 | \$872,458 |
| 122 | Accounts Receivable - HUD Other Projects | \$0 | \$0 | \$21,566 | \$0 | \$0 | \$21,566 |
| 125 | Accounts Receivable - Miscellaneous | \$0 | \$201 | \$0 | \$0 | \$0 | \$201 |
| 126 | Accounts Receivable - Tenants - Dwelling Rents | \$0 | \$2,057 | \$0 | \$0 | \$0 | \$2,057 |
| 126 1 | Allowance for Doubtful Accounts - Dwelling Rents | \$0 | \$-619 | \$0 | \$0 | \$0 | \$-619 |
| 126 2 | Allowance for Doubtful Accounts - Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 120 | Total Receivables, net of allowances for doubtful accounts | \$0 | \$1,639 | \$21,566 | \$0 | \$0 | \$23,205 |
| 131 | Investments - Unrestricted | \$0 | \$30,000 | \$0 | \$0 | \$0 | \$30,000 |
| 142 | Prepaid Expenses and Other Assets | \$0 | \$17,598 | \$0 | \$0 | \$0 | \$17,598 |
| 143 | Inventories | \$0 | \$3,931 | \$0 | \$0 | \$0 | \$3,931 |
| 143 1 | Allowance for Obsolete Inventories | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 144 | Interprogram Due From | \$567 | \$81,897 | \$68,762 | \$44,010 | \$11,775 | \$207,011 |
| 150 | Total Current Assets | \$567 | \$774,158 | \$90,328 | \$277,375 | \$11,775 | \$1,154,203 |
| 161 | Land | \$0 | \$99,900 | \$0 | \$0 | \$0 | \$99,900 |
| 162 | Buildings | \$0 | \$6,666,382 | \$0 | \$0 | \$498,202 | \$7,164,584 |
| 163 | Furniture, Equipment & Machinery - Dwellings | \$0 | \$80,449 | \$0 | \$0 | \$0 | \$80,449 |
| 164 | Furniture, Equipment & Machinery - Administration | \$0 | \$66,015 | \$9,136 | \$10,289 | \$31,677 | \$117,117 |
| 165 | Leasehold Improvements | \$0 | \$794,975 | \$0 | \$0 | \$92,947 | \$887,922 |
| 166 | Accumulated Depreciation | \$0 | \$-5,501,151 | \$-1,827 | \$-2,980 | \$-63,368 | \$-5,569,326 |
| 167 | Construction In Progress | \$0 | \$0 | \$0 | \$0 | \$285,281 | \$285,281 |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | \$0 | \$2,206,570 | \$7,309 | \$7,309 | \$844,739 | \$3,065,927 |
| 180 | Total Non-Current Assets | \$0 | \$2,206,570 | \$7,309 | \$7,309 | \$844,739 | \$3,065,927 |
| 190 | Total Assets | \$567 | \$2,980,728 | \$97,637 | \$284,684 | \$856,514 | \$4,220,130 |

| Line Item No. | Account Description | Shelter Plus Care | Low Rent Public Housing | Lower Income Housing Assistance Program Section 8 Moderate Rehabilitat LA063MR0001 | Housing Choice Vouchers | Public Housing Capital Fund Program | Total |
|---------------|--|-------------------|-------------------------|--|-------------------------|-------------------------------------|-------------|
| 312 | Accounts Payable <= 90 Days | \$0 | \$3,601 | \$0 | \$0 | \$0 | \$3,601 |
| 322 | Accrued Compensated Absences - Current Portion | \$0 | \$5,287 | \$0 | \$1,342 | \$0 | \$6,629 |
| 331 | Accounts Payable - HUD PHA Programs | \$0 | \$0 | \$0 | \$4,735 | \$0 | \$4,735 |
| 333 | Accounts Payable - Other Government | \$0 | \$5,787 | \$0 | \$0 | \$0 | \$5,787 |
| 341 | Tenant Security Deposits | \$0 | \$30,015 | \$0 | \$0 | \$0 | \$30,015 |
| 342 | Deferred Revenues | \$567 | \$0 | \$0 | \$0 | \$11,775 | \$12,342 |
| 347 | Interprogram Due To | \$0 | \$11,775 | \$0 | \$195,236 | \$0 | \$207,011 |
| 310 | Total Current Liabilities | \$567 | \$56,465 | \$0 | \$201,313 | \$11,775 | \$270,120 |
| 354 | Accrued Compensated Absences - Non Current | \$0 | \$6,701 | \$0 | \$3,690 | \$0 | \$10,391 |
| 350 | Total Noncurrent Liabilities | \$0 | \$6,701 | \$0 | \$3,690 | \$0 | \$10,391 |
| 300 | Total Liabilities | \$567 | \$63,166 | \$0 | \$205,003 | \$11,775 | \$280,511 |
| 504 | Net HUD PHA Contributions | \$0 | \$2,002,766 | \$0 | \$0 | \$0 | \$2,002,766 |
| 508 | Total Contributed Capital | \$0 | \$2,002,766 | \$0 | \$0 | \$0 | \$2,002,766 |
| 511 | Total Reserved Fund Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| | | | | | | | |
|-----|---|-------|-------------|----------|-----------|-----------|-------------|
| 512 | Undesignated Fund Balance/Retained Earnings | \$0 | \$914,796 | \$97,637 | \$79,681 | \$844,739 | \$1,936,853 |
| 513 | Total Equity/Net Assets | \$0 | \$2,917,562 | \$97,637 | \$79,681 | \$844,739 | \$3,939,619 |
| 600 | Total Liabilities and Equity/Net Assets | \$567 | \$2,980,728 | \$97,637 | \$284,684 | \$856,514 | \$4,220,130 |

PHA: LA063 FYED: 12/31/2003

| Line Item No | Account Description | Shelter Plus Care | Low Rent Public Housing | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat LA063MR0001 | Housing Choice Vouchers | Public Housing Capital Fund Program | Total |
|--------------|----------------------------------|-------------------|-------------------------|--|-------------------------|-------------------------------------|-------------|
| 703 | Net Tenant Rental Revenue | \$0 | \$235,025 | \$0 | \$0 | \$0 | \$235,025 |
| 704 | Tenant Revenue - Other | \$0 | \$42,069 | \$0 | \$0 | \$0 | \$42,069 |
| 705 | Total Tenant Revenue | \$0 | \$277,094 | \$0 | \$0 | \$0 | \$277,094 |
| 706 | HUD PHA Operating Grants | \$63,386 | \$377,333 | \$359,543 | \$447,570 | \$40,882 | \$1,288,714 |
| 706.1 | Capital Grants | \$0 | \$0 | \$0 | \$0 | \$437,459 | \$437,459 |
| 711 | Investment Income - Unrestricted | \$0 | \$6,981 | \$923 | \$923 | \$0 | \$8,827 |
| 715 | Other Revenue | \$0 | \$12,606 | \$0 | \$0 | \$0 | \$12,606 |
| 700 | Total Revenue | \$63,386 | \$674,014 | \$360,466 | \$448,493 | \$478,341 | \$2,024,700 |

PHA: LA063 FYED: 12/31/2003

| | | | | | | | |
|--|--|--|--|----------------------|--|--------|--|
| | | | | Lower Income Housing | | Public | |
|--|--|--|--|----------------------|--|--------|--|

| Line Item No. | Account Description | Shelter Plus Care | Low Rent Public Housing | Assistance Program_Section 8 Moderate Rehabilitat LA063MR0001 | Housing Choice Vouchers | Housing Capital Fund Program | Total |
|---------------|--|-------------------|-------------------------|---|-------------------------|------------------------------|-------------|
| 911 | Administrative Salaries | \$6,431 | \$73,161 | \$20,109 | \$20,109 | \$0 | \$119,810 |
| 912 | Auditing Fees | \$0 | \$3,990 | \$0 | \$1,300 | \$0 | \$5,290 |
| 914 | Compensated Absences | \$0 | \$2,491 | \$-90 | \$-90 | \$0 | \$2,311 |
| 915 | Employee Benefit Contributions - Administrative | \$0 | \$46,625 | \$0 | \$0 | \$0 | \$46,625 |
| 916 | Other Operating - Administrative | \$0 | \$62,103 | \$7,021 | \$7,020 | \$40,882 | \$117,026 |
| 924 | Tenant Services - Other | \$0 | \$3,039 | \$0 | \$0 | \$0 | \$3,039 |
| 931 | Water | \$0 | \$26,302 | \$0 | \$0 | \$0 | \$26,302 |
| 932 | Electricity | \$0 | \$9,890 | \$0 | \$0 | \$0 | \$9,890 |
| 938 | Other Utilities Expense | \$0 | \$26,299 | \$0 | \$0 | \$0 | \$26,299 |
| 941 | Ordinary Maintenance and Operations - Labor | \$0 | \$96,903 | \$0 | \$0 | \$0 | \$96,903 |
| 942 | Ordinary Maintenance and Operations - Materials and Other | \$0 | \$27,113 | \$0 | \$0 | \$0 | \$27,113 |
| 943 | Ordinary Maintenance and Operations - Contract Costs | \$0 | \$75,944 | \$0 | \$0 | \$0 | \$75,944 |
| 945 | Employee Benefit Contributions - Ordinary Maintenance | \$0 | \$56,809 | \$0 | \$0 | \$0 | \$56,809 |
| 961 | Insurance Premiums | \$0 | \$80,990 | \$288 | \$288 | \$0 | \$81,566 |
| 963 | Payments in Lieu of Taxes | \$0 | \$17,253 | \$0 | \$0 | \$0 | \$17,253 |
| 964 | Bad Debt - Tenant Rents | \$0 | \$16,825 | \$0 | \$0 | \$0 | \$16,825 |
| 969 | Total Operating Expenses | \$6,431 | \$625,737 | \$27,328 | \$28,627 | \$40,882 | \$729,005 |
| 970 | Excess Operating Revenue over Operating Expenses | \$56,955 | \$48,277 | \$333,138 | \$419,866 | \$437,459 | \$1,295,695 |
| 973 | Housing Assistance Payments | \$56,955 | \$0 | \$311,190 | \$395,357 | \$0 | \$763,502 |
| 974 | Depreciation Expense | \$0 | \$211,363 | \$1,827 | \$1,827 | \$47,480 | \$262,497 |
| 900 | Total Expenses | \$63,386 | \$837,100 | \$340,345 | \$425,811 | \$88,362 | \$1,755,004 |
| 1010 | Total Other Financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1000 | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$0 | \$-163,086 | \$20,121 | \$22,682 | \$389,979 | \$269,696 |

PHA: LA063 FYED: 12/31/2003

| Line Item No. | Account Description | Shelter Plus Care | Low Rent Public Housing | Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat LA063MR0001 | Housing Choice Vouchers | Public Housing Capital Fund Program | Total |
|---------------|--|-------------------|-------------------------|--|-------------------------|-------------------------------------|-------------|
| 1101 | Capital Outlays Enterprise Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1102 | Debt Principal Payments - Enterprise Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1103 | Beginning Equity | \$0 | \$3,080,648 | \$77,094 | \$56,583 | \$443,084 | \$3,657,409 |
| 1104 | Prior Period Adjustments, Equity Transfers and Correction of Errors | \$0 | \$0 | \$422 | \$416 | \$11,676 | \$12,514 |
| 1112 | Depreciation Add Back | \$0 | \$179,891 | \$0 | \$0 | \$0 | \$179,891 |
| 1113 | Maximum Annual Contributions Commitment (Per ACC) | \$0 | \$0 | \$266,353 | \$456,427 | \$0 | \$722,780 |
| 1114 | Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1115 | Contingency Reserve, ACC Program Reserve | \$0 | \$0 | \$1,900,069 | \$103,448 | \$0 | \$2,003,517 |
| 1116 | Total Annual Contributions Available | \$0 | \$0 | \$2,166,422 | \$559,875 | \$0 | \$2,726,297 |
| 1120 | Unit Months Available | 0 | 2,445 | 1,154 | 1,260 | 0 | 4,859 |
| 1121 | Number of Unit Months Leased | 0 | 2,247 | 1,154 | 1,209 | 0 | 4,610 |

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Date Submission Created: 05/25/2004