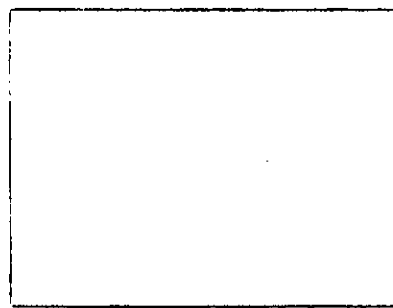


**Housing Authority of the
TOWN OF CHURCH POINT**
Church Point, Louisiana



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

Printed on Recycled Paper

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

Release Date 1-26-05

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT
Church Point, Louisiana
Basic Financial Statements
As of and for the Fiscal Year Ended June 30, 2004
With Supplemental Information Schedules

CONTENTS

	Exhibit	Page
Independent Auditor's Report		3
Management's Discussion and Analysis		6
Basic Financial Statements:		.
Statement of Net Assets	A	14
Statement of Revenues, Expenses and Changes in Net Assets	B	15
Statement of Cash Flows	C	16
Notes to the Financial Statements		17
	Schedule	Page
Financial Data Schedule	1	26
Schedule of Expenditures of Federal Awards	2	31
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>		32
Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133		34
Schedule of Compensation Paid Board Members	3	36
Schedule of Prior Audit Findings	4	37
Schedule of Current Year Findings and Questioned Costs	5	38

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Mississippi Society of CPA's
American Institute of CPA's

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Church Point
Church Point, Louisiana

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

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

In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the Town of Church Point 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.

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana
Independent Auditor's Report, 2004
Page Two

As described in Note A to the basic financial statements, the authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 38, *Certain Financial Statement Note Disclosures as of July 1, 2002*. This results in a change in the format and content of the basic financial statements. Additionally, the authority adopted the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units* an amendment of GASB Statement 14.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 16, 2004 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana
Independent Auditor's Report, 2004
Page Three

My audit was conducted for the purpose of forming an opinion on the authority's basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, and is not a required part of the basic financial statements of the authority. The accompanying Financial Data Schedule, required by HUD, is presented for purposes of additional analysis, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards and the *Financial Data Schedule* have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Signature Valid

William Daniel McCaskill, CPA, APAC

Digitally signed by William Daniel
McCaskill, CPA, APAC
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CPA, APAC, c=US
Date: 2004.12.28 10:30:18 -06'00'

William Daniel McCaskill, CPA
A Professional Accounting Corporation

October 16, 2004

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

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

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

FINANCIAL HIGHLIGHTS

- The Housing Authority's assets exceeded its liabilities by \$2,123,603 at the close of the fiscal year ended 2004.
 - ✓ Of this amount, \$543,056 of unrestricted assets may be used to meet the Housing Authority's *ongoing obligations to citizens and creditors*. This amount equals 69 percent, equivalent to about 8 months, of the total operating expenses for the fiscal year 2004.
 - ✓ The remainder of \$1,580,547 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
- The Housing Authority's total net assets increased by \$247,110, a 13% change from the prior fiscal year 2003. This increase is attributable to 69% increases in revenues from HUD that were much greater than the 7% increases in various expenses, described in more detail below. In addition, the Authority spent \$703,286 on significant capital asset additions and construction in progress.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2004?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

The Housing Authority accounts for all financial activity in a single enterprise fund. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local

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

governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

USING THIS ANNUAL REPORT

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

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

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

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$2,123,603 as of June 30, 2004. Of this amount, \$1,580,547 was invested in capital assets and the remaining \$543,057 was unrestricted.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet
As of June 30, 2004

ASSETS

Current Assets	\$ 586,709
Restricted Assets	8,314
Capital Assets, Net of Depreciation	<u>1,580,547</u>
Total Assets	<u>2,175,570</u>

LIABILITIES

Current Liabilities	32,374
Non-Current Liabilities	<u>19,592</u>
Total Liabilities	<u>51,966</u>

**NET
ASSETS**

Invested in Capital Assets	1,580,547
Unrestricted	<u>543,057</u>
Total Net Assets	<u>2,123,604</u>
Total Liabilities and Net Assets	<u>2,175,570</u>

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

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$247,110, or by 13%, from those of fiscal year 2003, as explained below:

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

Operating Revenues	
Annual contributions - Housing Assistance Payments	\$ 217,102
HUD administrative fee	44,896
Public housing operating subsidy	225,413
Operating grants	37,366
Dwelling rental	<u>151,730</u>
Total operating revenues	<u>676,507</u>
Operating Expenses	
Housing Assistance Payments	217,102
General and administrative	212,735
Repairs and maintenance	129,514
Utilities	42,668
Tenant services	154
Depreciation and amortization	<u>181,591</u>
Total operating expenses	<u>783,764</u>
Operating loss	(107,257)
Nonoperating Revenues:	
Capital grants	341,473
Interest revenue	10,569
Miscellaneous revenues	<u>2,324</u>
Total nonoperating revenues	<u>354,366</u>
Net increase in net assets	247,109
Net assets, beginning of year	<u>1,876,494</u>
Net assets, end of year	<u>\$ 2,123,603</u>

The increase in net assets of these funds was accompanied by a decrease in unrestricted cash by \$265,075 from fiscal year 2003, primarily due to the purchase and construction of capital assets with cash accumulated from the prior year, and offset by significantly increased HUD grants for operating and capital expenditures.

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

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

Compared with the prior fiscal year, total revenues increased \$340,523, or by 49%, due to:

- A \$314,240 increase in funding from HUD for capital projects, plus an increase of \$32,520 in funding from HUD for operations, for an overall net increase of 67% in funding from HUD from fiscal year 2003. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2000 through 2002, and won approval of a new grant submitted during fiscal year 2004.
- With a 3% increase in occupancy since fiscal year 2003, rental revenues increased by just under 1%.
- Other revenues, primarily interest income, decreased by 41% from 2003 due to the usage of investable cash funds for significant construction projects during the current year.

Compared with the prior fiscal year, total expenses increased \$53,782, or by 7%, due to a combination of increases in nearly all categories of expense, with a few offsetting decreases:

- An increase by 29% in administrative expenses. Most of this was an increase in salaries, benefits, and vacation pay by 30% from the hiring of a new Executive Director. In addition, there was a 51% increase in sundry administrative expenses, a 25% increase in travel for the new director and staff, and a 13% increase in audit fees.
- An increase of 19% in depreciation expense due to significant addition of \$703,286 in capital assets and completion of major construction in progress from 2003.
- An increase of 11% in payments to the landlords for Housing Assistance from HUD, caused by a change in the mixture of tenants to those requiring more of this kind of assistance.
- An increase by 7½% in ordinary repairs and maintenance. Although there was a 10% increase in employee wages, benefits, and compensated absences, and a 24% increase in contract labor, the materials usage was reduced by 10% from that of fiscal year 2003. Despite the overall increase, the Authority did not exceed its budget for this category of expense
- An increase of 10% in general expenses, caused by a 7½% increase in general insurance due to the need for increased casualty coverage for the new community center, and for updating the maintenance shop. This increase, however, was not anticipated in the Authority's budget.
- A decrease of 5½% in water and sewage utilities due to lowered rates from the new water treatment plant opened by the city during 2004. With this favorable change, the Authority was able to meet its budget expectations for utilities.
- In fiscal year 2003, there were casualty losses and extraordinary repairs that were not incurred again during 2004, leading to a reduction of \$41,420, or by 100%, in this category.

These changes led to an increase in total assets by \$256,680 and an increase in liabilities by \$9,570, to the end that cash decreased by \$265,075. However, despite these changes, capital assets excluding depreciation actually increased by \$703,286. Also, as a sign of financial health, there are still over \$11 of current assets covering each dollar of liability.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the Housing Authority had \$5,523,986 invested in a broad range of assets, listed below, and construction in progress from projects funded in 2003. This amount, not including depreciation, represents increases of \$703,286 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

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

Land	\$ 106,656
Buildings	1,321,791
Furniture and Equipment	50,404
Leasehold Improvements	59,078
Construction in Progress	<u>42,618</u>
Total	<u>1,580,547</u>

As of the end of the 2004 fiscal year, the Authority is still in the process of completing HUD grants of \$642,040 obtained during 2000 through 2002 fiscal years. A total remainder of \$129,118 will be received and spent for completing these projects during fiscal year 2005.

Additional major capital projects of \$198,865 were approved for the 2005 fiscal year from a HUD grant submitted during fiscal year 2004.

Debt

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for 2005 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general *overview of the Housing Authority's finances, and to show the Housing Authority's accountability* for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Sarah Robert, Executive Director, at the Housing Authority of Church Point, Louisiana telephone number (337) 684-2195.

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT
Church Point, Louisiana
Statement of Net Assets
As of June 30, 2004

ASSETS**Current assets**

Cash and cash equivalents	\$ 546,025
Receivables:	
Intergovernmental	782
Tenant rents, net of allowance	126
Accrued interest receivable	1,483
Prepaid insurance	30,039
Inventory	<u>8,253</u>
Total current assets	<u>586,708</u>

Restricted assets

Cash	<u>8,314</u>
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Noncurrent assets

Capital assets:

Nondepreciable capital assets:

Land	106,656
Construction in progress	<u>42,619</u>
Total nondepreciable capital assets	<u>149,275</u>

Depreciable capital assets:

Buildings and improvements	5,179,097
Furniture and equipment	195,614
Less accumulated depreciation	<u>(3,943,439)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>1,431,272</u>

Total capital assets, net of accumulated depreciation	<u>1,580,547</u>
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Total Assets	<u>\$ 2,175,569</u>
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LIABILITIES**Current Liabilities**

Accounts payable	7,071
Accrued wages payable	333
Accrued compensated absences	4,776
Other liability	<u>11,880</u>

Total current liabilities	<u>24,060</u>
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Liabilities Payable from Restricted Assets

Security deposit liability	<u>8,314</u>
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Noncurrent liabilities

Accrued compensated absences	<u>19,592</u>
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Total liabilities	<u>51,966</u>
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NET ASSETS

Invested in capital assets, net of related debt	1,580,547
Unrestricted	<u>543,056</u>

Total net assets	<u>\$ 2,123,603</u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT
Church Point, Louisiana
Statement of Revenues, Expenses, and Changes In Net Assets
For Fiscal Year Ended June 30, 2004

Operating Revenues	
Annual contributions - Housing Assistance Payments	\$ 217,102
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Public housing operating subsidy	225,413
Operating grants	37,366
Dwelling rental	<u>151,730</u>
Total operating revenues	<u>676,507</u>
Operating Expenses	
Housing Assistance Payments	217,102
General and administrative	212,735
Repairs and maintenance	129,514
Utilities	42,668
Tenant services	154
Depreciation and amortization	<u>181,591</u>
Total operating expenses	<u>783,764</u>
Operating loss	(107,257)
Nonoperating Revenues:	
Capital grants	341,473
Interest revenue	10,569
Miscellaneous revenues	<u>2,324</u>
Total nonoperating revenues	<u>354,366</u>
Change in net assets	247,109
Net assets, beginning of year	<u>1,876,494</u>
Net assets, end of year	<u>\$ 2,123,603</u>

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

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT
Condensed Statement of Cash Flows
Fiscal Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Cash provided by non-capital Federal grants	\$ 524,777
Cash received from tenants	153,488
Cash payments to suppliers for goods and services	(212,825)
Cash payments to employees for services	(175,178)
Cash payments to landlords	<u>(217,102)</u>

Net cash provided by operating activities 73,160

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Other cash receipts	<u>2,485</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from sale or retirement of capital assets	225
Acquisition of capital assets	(703,284)
Cash provided by Federal capital grants	<u>351,497</u>

Net cash (used) by capital and related financing activities (351,563)

CASH FLOWS FROM INVESTING ACTIVITIES

<i>Interest received on investments</i>	<u>10,843</u>
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Net cash provided by investing activities 10,843

NET (DECREASE) IN CASH AND CASH EQUIVALENTS

(265,075)

CASH AND CASH EQUIVALENTS, Beginning of Fiscal Year

811,101

CASH AND CASH EQUIVALENTS, End of Fiscal Year

546,025

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

(Loss) from Operations (107,257)

Adjustments to reconcile operating loss to net cash provided by operating activities:

Depreciation	181,591
Provision for uncollectible tenant accounts	(1,735)
Changes in assets and liabilities:	
Decrease in accounts receivable	1,758
Increase in prepaid expenses and inventories	(9,416)
Increase in accounts payable	4,642
Increase in accrued salaries and benefits	3,754
Decrease in other liabilities	<u>(177)</u>

Total adjustments 180,418

Net cash provided by operating activities \$ 73,160

There were no noncash investing, capital or financing transactions.

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

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana

Notes to the Financial Statements

For Fiscal Year Ended June 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Reporting Entity

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

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

The Board has the final responsibility for:

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

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

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana

Notes to the Financial Statements, 2004 – Continued

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

(2) Basic financial statements

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

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

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

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

Low Income Housing Program

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

Housing Assistance Programs

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

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana
Notes to the Financial Statements, 2004 – Continued

difference between the approved landlord contract rent and the rent paid by the tenant.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD Operating Subsidies and grants, Section 8 Housing Assistance Subsidies, Section 8 Management Fees and tenant dwelling rents. Operating expenses include Section 8 Housing Assistance Payments, General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

(4) New Accounting Standards Adopted

During the year ended June 30, 2004, the Authority adopted four new statements of financial accounting standards issued by the Government Accounting Standards Board (GASB):

- *Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*
- *Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34.*

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana

Notes to the Financial Statements, 2004 – Continued

- Statement No. 38, *Certain Financial Statement Note Disclosures*.
- Statement No. 39, *Determining Whether Certain Organizations Are Component Units an amendment of GASB Statement 14*.

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments including special purpose governments such as the Housing Authority of The Town of Church Point. This new reporting model requires management to provide a narrative and analysis to the ordinary user called Management's Discussion and Analysis (MD&A). This new reporting model also requires the financial statements to be presented on the entity as a whole (government-wide financial statements). The most significant changes to the financial statements are the format, classification of information and the classification of fund equity into various classes of net assets.

(5) Assets, liabilities, and net assets

(a) Deposits and Investments

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

(b) Inventory and prepaid items

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

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

(c) Restricted Assets

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

(d) Capital assets

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana

Notes to the Financial Statements, 2004 – Continued

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

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

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

(e) Due from other governments or agencies

Amounts due to the authority by other governments or agencies are for grants or programs under which the services have been provided by the authority.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At June 30, 2004, the management of the authority established an allowance for doubtful accounts of approximately \$450.

(g) Compensated absences

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

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana

Notes to the Financial Statements, 2004 – Continued

2000 annual leave hours upon termination or retirement at their then current rate of pay. Civil Service requires that an employee must be paid up to 300 hours annual leave time upon separation from the agency. All other leave pay is predicated on the housing authority reserve account. If the housing authority reserve account is less than 60% of the maximum or if the additional leave pay would bring the reserve level below the level the 40% level, the Director with Board approval shall offer the employee an amount which is less than the actual accumulated leave but not less than up to 300 hours. Employees are not compensated for unused sick leave. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned.

(h) Grant Revenue

For financial reporting purposes, the authority considers its HUD operating grants (Housing Assistance Payments) as operating revenue because these funds more closely represent revenues generated from operating activities than nonoperating activities.

(i) Use of estimates

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

NOTE B - CASH AND CASH EQUIVALENTS

See Note A for discussion of policies related to cash and cash equivalents. At June 30, 2004, the authority has cash and cash equivalents (book balances) totaling \$554,339 as follows:

Interest-bearing demand deposits	\$83,447
Time deposits	470,792
Other	100
Total	<u>\$554,339</u>

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana

Notes to the Financial Statements, 2004 – Continued

Unrestricted	\$546,025
Restricted	8,314
Total cash and cash equivalents	<u>\$554,339</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2004, the authority has \$564,839 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

GASB Category 1	\$194,047
GASB Category 2	-
GASB Category 3	370,792
	<u>\$564,839</u>

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

NOTE C - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>Ending Balance</u>
Land	\$106,656	None	None	None	\$106,656
Building and improvements	4,466,330	626,419	None	86,348	5,179,097
Furniture and equipment	177,740	34,247	16,373	None	195,614
Construction in Progress	86,348	42,619	None	(86,348)	42,619
Total	<u>4,837,074</u>	<u>703,284</u>	<u>16,373</u>	<u>-</u>	<u>5,523,985</u>

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana

Notes to the Financial Statements, 2004 – Continued

Less accumulated depreciation

Building and improvements	3,633,340	165,471	None	None	3,798,811
Furniture and equipment	<u>144,881</u>	<u>16,120</u>	<u>16,373</u>	None	<u>144,628</u>
Total accumulated depreciation	<u>3,778,221</u>	<u>181,591</u>	<u>16,373</u>	None	<u>3,943,439</u>
Net Capital Assets	<u>\$1,058,853</u>	<u>\$521,693</u>	<u>-</u>	<u>-</u>	<u>\$1,580,547</u>

During this fiscal year, the Authority completed construction of its community center on land owned by the city. The total cost of construction was \$710,012 and recorded by the authority as an addition to fixed assets. In accordance with the agreement entered into by the Authority on April 22, 2004 with the City of Church Point and approved by HUD, the Authority used CFP, HCV, and Public Housing monies to construct the community center. Under the terms of the agreement, the City of Church Point retains ownership of the land.

In prior years, the Authority and the City entered into a agreement where the land would be under lease to the Authority for a period of 99 years at \$1. Under a separate management agreement, the City will retain responsibility for operating the community center for a period of 99 years at \$1. The City is responsible for maintenance of the community center and as well as payment of all costs associated with the day to day operation of the community center.

NOTE D – CONSTRUCTION COMMITMENTS

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

<u>Projects</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
2003 CFP	<u>\$42,619</u>	<u>\$152,208</u>

NOTE E – COMPENSATED ABSENCES

At June 30, 2004, employees of the authority have accumulated and vested \$24,368 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$19,592 is reported in long-term debt.

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana
Notes to the Financial Statements, 2004 – Continued

NOTE F - RETIREMENT PLAN

The authority participates in the Louisiana Housing Council Group Retirement Plan, administered by Broussard, Bush and Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities which are members of the Louisiana Housing Council. Through this plan, the authority provides pension benefits for all of its full-time employees. All full-time employees who have attained age 18 are eligible to participate in the plan on the first day of the month after completing three 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 7.5 percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute 6 percent of their annual covered salary.

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday. Early retirement may be elected on the first day of any month within 10 years of the employee's normal retirement date, provided the employee has completed five years of service with the authority. With the authority's consent, employees may defer retirement to the first day of any month beyond normal retirement date.

The authority's total payroll for the year ended June 30, 2004, was \$124,248. The authority's contributions were calculated using the base salary amount of \$120,288. The authority made the required contributions of \$9,188 for the year ended June 30, 2004.

NOTE G – RISK MANAGEMENT

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

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana

Notes to the Financial Statements, 2004 – Continued

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

NOTE H – FEDERAL COMPLIANCE CONTINGENCIES

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

Schedule 1

Financial Data Schedule
 PHA: LA032 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$462,063	\$83,962	\$0	\$546,025
114	Cash - Tenant Security Deposits	\$8,314	\$0	\$0	\$8,314
100	Total Cash	\$470,377	\$83,962	\$0	\$554,339
122	Accounts Receivable - HUD Other Projects	\$0	\$782	\$0	\$782
126	Accounts Receivable - Tenants - Dwelling Rents	\$576	\$0	\$0	\$576
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-450	\$0	\$0	\$-450
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$1,290	\$193	\$0	\$1,483
120	Total Receivables, net of allowances for doubtful accounts	\$1,416	\$975	\$0	\$2,391
142	Prepaid Expenses and Other Assets	\$26,225	\$3,814	\$0	\$30,039
143	Inventories	\$8,253	\$0	\$0	\$8,253
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
150	Total Current Assets	\$506,271	\$88,751	\$0	\$595,022
161	Land	\$106,656	\$0	\$0	\$106,656
162	Buildings	\$4,024,927	\$52,248	\$379,202	\$4,456,377
163	Furniture, Equipment & Machinery - Dwellings	\$86,730	\$0	\$0	\$86,730
164	Furniture, Equipment & Machinery - Administration	\$100,743	\$8,141	\$0	\$108,884
165	Leasehold Improvements	\$716,720	\$0	\$6,000	\$722,720
166	Accumulated Depreciation	\$-3,926,801	\$-3,603	\$-13,035	\$-
167	Construction In Progress	\$0	\$0	\$42,619	\$42,619
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,108,975	\$56,786	\$414,786	\$1,580,547
180	Total Non-Current Assets	\$1,108,975	\$56,786	\$414,786	\$1,580,547
190	Total Assets	\$1,615,246	\$145,537	\$414,786	\$2,175,569

Financial Data Schedule
 PHA: LA032 FYED: 06/30/2004

Schedule 1

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$6,886	\$185	\$0	\$7,071
321	Accrued Wage/Payroll Taxes Payable	\$333	\$0	\$0	\$333
322	Accrued Compensated Absences - Current Portion	\$4,309	\$467	\$0	\$4,776
333	Accounts Payable - Other Government	\$10,956	\$0	\$0	\$10,956
341	Tenant Security Deposits	\$8,314	\$0	\$0	\$8,314
342	Deferred Revenues	\$924	\$0	\$0	\$924
310	Total Current Liabilities	\$31,722	\$652	\$0	\$32,374
354	Accrued Compensated Absences - Non Current	\$16,594	\$2,998	\$0	\$19,592
350	Total Noncurrent Liabilities	\$16,594	\$2,998	\$0	\$19,592
300	Total Liabilities	\$48,316	\$3,650	\$0	\$51,966
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,108,975	\$56,786	\$414,786	\$1,580,547
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$457,955	\$85,101	\$0	\$543,056
513	Total Equity/Net Assets	\$1,566,930	\$141,887	\$414,786	\$2,123,603
600	Total Liabilities and Equity/Net Assets	\$1,615,246	\$145,537	\$414,786	\$2,175,569

Financial Data Schedule

PHA: LA032 FYED: 06/30/2004

Schedule 1

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Program	Capital Fund	Total
703	Net Tenant Rental Revenue	\$151,730	\$0	\$0		\$151,730
704	Tenant Revenue - Other	\$2,123	\$0	\$0		\$2,123
705	Total Tenant Revenue	\$153,853	\$0	\$0		\$153,853
706	HUD PHA Operating Grants	\$225,413	\$261,998	\$37,366		\$524,777
706.1	Capital Grants	\$0	\$0	\$341,473		\$341,473
711	Investment Income - Unrestricted	\$9,127	\$1,442	\$0		\$10,569
715	Other Revenue	\$201	\$0	\$0		\$201
700	Total Revenue	\$388,594	\$263,440	\$378,839		\$1,030,873

Financial Data Schedule

PHA: LA032 FYED: 06/30/2004

Schedule 1

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$48,484	\$12,691	\$0	\$61,175
912	Auditing Fees	\$3,150	\$2,100	\$0	\$5,250
914	Compensated Absences	\$4,965	\$23	\$0	\$4,988
915	Employee Benefit Contributions - Administrative	\$18,362	\$7,449	\$0	\$25,811
916	Other Operating - Administrative	\$29,874	\$12,569	\$0	\$42,443
924	Tenant Services - Other	\$154	\$0	\$0	\$154
931	Water	\$20,321	\$0	\$0	\$20,321
932	Electricity	\$5,635	\$366	\$0	\$6,001
933	Gas	\$408	\$136	\$0	\$544
938	Other Utilities Expense	\$15,802	\$0	\$0	\$15,802
941	Ordinary Maintenance and Operations - Labor	\$63,073	\$0	\$0	\$63,073
942	Ordinary Maintenance and Operations - Materials and Other	\$17,542	\$5,353	\$0	\$22,895
943	Ordinary Maintenance and Operations - Contract Costs	\$18,445	\$1,214	\$0	\$19,659
945	Employee Benefit Contributions - Ordinary Maintenance	\$23,887	\$0	\$0	\$23,887
961	Insurance Premiums	\$53,635	\$3,938	\$0	\$57,573
962	Other General Expenses	\$0	\$3,765	\$0	\$3,765
963	Payments in Lieu of Taxes	\$10,956	\$0	\$0	\$10,956
964	Bad Debt - Tenant Rents	\$774	\$0	\$0	\$774
969	Total Operating Expenses	\$335,467	\$49,604	\$0	\$385,071
970	Excess Operating Revenue over Operating Expenses	\$53,127	\$213,836	\$378,839	\$645,802
973	Housing Assistance Payments	\$0	\$217,102	\$0	\$217,102
974	Depreciation Expense	\$164,953	\$3,603	\$13,035	\$181,591
900	Total Expenses	\$500,420	\$270,309	\$13,035	\$783,764
1001	Operating Transfers In	\$37,366	\$0	\$0	\$37,366
1002	Operating Transfers Out	\$0	\$0	\$-37,366	\$-37,366
1010	Total Other Financing Sources (Uses)	\$37,366	\$0	\$-37,366	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-74,460	\$-6,869	\$328,438	\$247,109

Financial Data Schedule

PHA: LA032 FYED: 06/30/2004

Schedule 1

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,462,026	\$148,756	\$265,712	\$1,876,494
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$179,364	\$0	\$-179,364	\$0
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$243,923	\$0	\$243,923
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$24,935	\$0	\$24,935
1116	Total Annual Contributions Available	\$0	\$268,858	\$0	\$268,858
1120	Unit Months Available	1,476	1,056	0	2,532
1121	Number of Unit Months Leased	1,439	1,052	0	2,491

SCHEDULE 2

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT
 Church Point, Louisiana
 Schedule of Expenditures of Federal Awards
 For Fiscal Year Ended June 30, 2004

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing	14.850a	225,413
Housing Choice Voucher Program	14.871	261,998
Public Housing Capital Fund Program	14.872	378,839
Total Federal Expenditures		<u>\$ 866,250</u>

NOTE A—BASIS OF PRESENTATION

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

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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 Town of Church Point
Church Point, Louisiana

I have audited the financial statements of the Housing Authority of the Town of Church Point (the authority), as of and for the year ended June 30, 2004 and have issued my report thereon dated October 16, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana
Report on Internal Control...*Government*
Auditing Standards, 2004
Page Two

Compliance and Other Matters

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

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

 **William Daniel McCaskill,**
CPA, APAC 

Signature Valid

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William Daniel McCaskill, CPA
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October 16, 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 A-133**

Board of Commissioners
Housing Authority of the Town of Church Point
Church Point, Louisiana

Compliance

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

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

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT

Church Point, Louisiana
Report on Compliance...A-133, 2004
Page Two

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

Internal Control Over Compliance

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

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

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

 **William Daniel McCaskill, CPA,**
APAC 

Signature Valid

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William Daniel McCaskill, CPA
A Professional Accounting Corporation

October 16, 2004

HOUSING AUTHORITY OF THE TOWN OF CHURCH POINT
Church Point, Louisiana
Schedule of Compensation Paid Board Members
For Fiscal Year Ended June 30, 2004

Board members serve without compensation.

**HOUSING AUTHORITY OF THE
TOWN OF CHURCH POINT**
Church Point, Louisiana

Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2004

There were no findings in the prior audit.

**HOUSING AUTHORITY OF
THE TOWN OF CHURCH POINT**

Church Point, Louisiana

Schedule of Current Audit Findings and Questioned Costs
Fiscal Year Ended June 30, 2004

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the authority.
2. No reportable conditions required to be reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards* were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions disclosed during the audit of internal control over major federal award programs are reported in the Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the authority expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:
 1. 14.850 Low Rent Public Housing
 2. 14.872 Capital Fund Program

**HOUSING AUTHORITY OF THE
TOWN OF CHURCH POINT**

Church Point, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended June 30, 2004

3. The threshold used for distinguishing between Type A and B programs was \$300,000.
4. The authority did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS
PROGRAMS AUDIT**

None