

**HOUSING AUTHORITY OF
NATCHITOCHE PARISH
Natchitoches, Louisiana**

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

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

Release Date 2/23/05

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Basic Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
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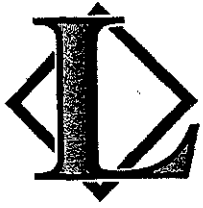
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HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana
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LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report

To the Board of Commissioner
Housing Authority of Natchitoches Parish
Natchitoches, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of Natchitoches Parish 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 Housing Authority of Natchitoches Parish. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Natchitoches Parish as of June 30, 2004, and results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in Note 1 to the basic financial statements, the Housing Authority of Natchitoches Parish adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments* and Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, as of July 1, 2003. This results in a change in the form and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2004, on our consideration of the Housing Authority of Natchitoches Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit

The Board of Commissioners
Housing Authority of Natchitoches Parish
Natchitoches, Louisiana
June 30, 2004

performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial data schedule, the schedule of expenditures of federal awards, and the other supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Housing Authority of Natchitoches Parish. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Little & Associates, LLC

Monroe, Louisiana
December 17, 2004

Management's Discussion and Analysis

The management of the Housing Authority of Natchitoches Parish, 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 \$2,852,697 at the close of the fiscal year ended June 30, 2004.
 - ✓ Of this amount, \$333,886 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors.
 - ✓ The remainder of \$2,518,811 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 \$144,109, or by just over 10%, from the prior fiscal year 2003. This decrease is attributable primarily to increases in Federal grants which were nearly offset by increases in various categories of expenses, described in more detail below.
- The Authority spent \$393,922 on capital asset additions and construction in progress.
- The Housing Authority was able to divest itself of the need for debt borrowing during the current fiscal year by selling a mortgaged building at a \$21,365 gain on which there was a \$400,535 mortgage. The primary source of funding for these activities continues to be the Department of Housing and Urban Development (HUD).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year June 30, 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

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

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

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's four most significant funds, the Low Rent Housing Program, the Public and Indian Housing Drug Elimination Program, and the Public Housing Capital Fund Program.

The Housing Authority's auditors provided assurance in their independent auditors' report, located immediately following 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.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by HUD. However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

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

FINANCIAL ANALYSIS OF CONDENSED FINANCIAL STATEMENTS

BALANCE SHEET

The Housing Authority's net assets were \$2,852,697 as of June 30, 2004. Of this amount, \$2,518,811 was invested in capital assets, and the remaining \$333,886 was unrestricted. No other assets are currently restricted.

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

Condensed Balance Sheet
As of June 30, 2004

ASSETS	
Current Assets	\$ 399,003
Restricted Assets	10,581
Capital Assets, Net of Depreciation	<u>2,518,811</u>
Total Assets	<u>\$2,928,395</u>
LIABILITIES	
Current Liabilities	\$ 69,431
Non-Current Liabilities	<u>6,266</u>
Total Liabilities	<u>75,697</u>
NET ASSETS	
Invested in Capital Assets	2,518,811
Unrestricted	<u>333,886</u>
Total Net Assets	<u>2,852,698</u>
Total Liabilities and Net Assets	<u>\$2,928,395</u>

For the Housing Authority, there are nearly \$5 of Current Assets covering each dollar of its Total Liabilities. This is one measure of the financial health of a Housing Authority related to the ability of the Authority to pay off its debts.

Also, the Unrestricted Net Assets equal 64% of the total operating expenses for the fiscal year June 30, 2004, which is equivalent to about 7 months of these expenses. This measure is an estimate of how long the Housing Authority might be expected to run on its current resources, without having to sell off any of its Capital Assets, should its usual sources of income fail.

Fiscal year 2004 is the first year the Housing Authority has implemented Governmental Accounting Board (GASB) Statement No. 34; accordingly, a comparative analysis of current and prior year balances is not included. However, such an analysis will exist in subsequent years.

By far the largest portion of the Housing Authority's net assets (88%) reflect its investments in capital assets (e.g., building, machinery, and equipment). The Housing Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Housing Authority are available for future use to provide program services.

Housing Authority of Natchitoches Parish, Louisiana

Management's Discussion and Analysis (MD&A)

June 30, 2004

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS

The net assets of the Housing Authority increased by \$144,109, or by just over 10%, from those of fiscal year 2003. As a measure of financial health, the larger items generally represent the revenues and expenses that had the greater impact on the Housing Authority, as detailed below:

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

REVENUES	
Rental Revenue	\$ 100,907
Federal Grants - Operating	1,406,485
Federal Grants - Capital	408,916
Other	53,358
Total Revenues	<u>1,969,666</u>
EXPENSES	
Administration	318,976
Tenant Services	793
Utilities	15,704
Ordinary maintenance and operations	127,491
Housing assistance payments	1,042,417
General and Other	57,757
Depreciation	262,417
Total Expenses	<u>1,825,556</u>
NET CHANGE IN ASSETS	144,109
NET ASSETS, Beginning of Year	<u>2,708,588</u>
NET ASSETS, End of Year	<u><u>\$ 2,852,697</u></u>

The Housing Authority's revenues are derived primarily from dwelling rental income and various HUD programs. The Housing Authority's revenues were sufficient to cover all expenses incurred during the year (excluding depreciation expense).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the Housing Authority had \$7,044,448 invested in a broad range of assets, listed below, and construction in progress from projects funded in 2004. This amount, not including depreciation, represents decreases of \$6,613 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Housing Authority of Natchitoches Parish, Louisiana

Management's Discussion and Analysis (MD&A)

June 30, 2004

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

Land	\$ 221,890
Buildings and Improvements	2,136,786
Furniture and Equipment	24,030
Construction in Progress	<u>136,105</u>
Total	<u>\$2,518,811</u>

As of the end of the 2004 fiscal year, the Housing Authority completed grants totaling \$417,006 obtained from HUD for the 2001 and 2002 fiscal years. The Authority is still in the process of completing HUD grants of \$200,460 obtained during 2003 fiscal year. A total remainder of \$45,734 will be spent for completing these projects during fiscal year 2005.

Additional major capital projects of \$193,575, which are approved, are planned for the 2005 fiscal year from a HUD grant submitted during fiscal year 2004.

Debt

At the beginning of fiscal year 2004, long-term debt included a mortgage on a building of \$400,535 that was retired when the building was sold during the year. The Housing Authority has not incurred any further mortgages, leases, or bond indentures for financing capital assets or operations.

At the end of the fiscal year, long-term debt included accrued annual vacation and sick leave.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Theresa F. Gibson, Executive Director, at the Housing Authority of Natchitoches Parish, Louisiana telephone number (318) 357-0553.

Basic Financial Statements

HOUSING AUTHORITY OF NATCHITOCHE PARISH

BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2004

	<u>GENERAL</u>	<u>SECTION 8 - HOUSING CHOICE VOUCHERS</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 13,475	\$ 127,316	\$ 140,792
Investments	212,555		212,555
Receivables (net of allowances for uncollectibles)	12,605	1,337	13,942
Internal balances - interprogram	(3,054)	3,054	-
Inventory	5,544	-	5,544
Prepaid expenses	22,653	3,518	26,171
Total Current Assets	<u>263,779</u>	<u>135,225</u>	<u>399,004</u>
Restricted Assets:			
Cash and cash equivalents-tenant sec. dep.	9,397	-	9,397
Cash and cash equivalents-escrow account		1,184	1,184
Total Restricted Assets	<u>9,397</u>	<u>1,184</u>	<u>10,581</u>
Noncurrent Assets:			
Capital assets:			
Land	221,890	-	221,890
Buildings and equipment (net of accumulated depreciation)	2,160,817	-	2,160,817
Construction/Development-in-progress	136,105	-	136,105
Total Non-Current Assets	<u>2,518,811</u>	<u>-</u>	<u>2,518,811</u>
TOTAL ASSETS	<u><u>\$ 2,791,987</u></u>	<u><u>\$ 136,409</u></u>	<u><u>\$ 2,928,396</u></u>

(CONTINUED)

HOUSING AUTHORITY OF NATCHITOCHE PARISH

BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2004

	<u>GENERAL</u>	<u>SECTION 8 - HOUSING CHOICE VOUCHER</u>	<u>TOTAL</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	4,944	\$ 961	5,905
Accrued wages and payroll taxes	4,456	857	5,313
Other liabilities	39,760	-	39,760
Accrued compensated absences - current portion	<u>5,626</u>	<u>2,247</u>	<u>7,873</u>
Total Current Liabilities	<u>54,786</u>	<u>4,065</u>	<u>58,851</u>
Current Liabilities Payable from <i>restricted assets - tenant security deposits</i>	<u>9,397</u>	<u>1,184</u>	<u>10,581</u>
Non Current Liabilities:			
Accrued compensated absences - net of current portion	<u>4,732</u>	<u>1,534</u>	<u>6,266</u>
Total Non-Current Liabilities	<u>4,732</u>	<u>1,534</u>	<u>6,266</u>
Total Liabilities	<u>68,915</u>	<u>6,783</u>	<u>75,698</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,518,811	-	2,518,811
Unrestricted	<u>204,260</u>	<u>129,626</u>	<u>333,886</u>
Total Net Assets	<u>2,723,072</u>	<u>129,626</u>	<u>2,852,698</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,791,987</u>	<u>\$ 136,409</u>	<u>\$ 2,928,396</u>

(CONCLUDED)

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF NATCHITOCHE PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	GENERAL	SECTION 8 - HOUSING CHOICE VOUCHERS	TOTAL
OPERATING REVENUES			
Dwelling rental	\$ 100,907	\$ -	\$ 100,907
Other	28,065	-	28,065
Total Operating Revenues	<u>128,972</u>	<u>-</u>	<u>128,972</u>
OPERATING EXPENSES			
Administration	193,030	129,998	323,028
Tenant services	793	-	793
Utilities	15,704	-	15,704
Ordinary maintenance and operations	127,443	48	127,491
General expenses	46,227	1,870	48,097
Housing assistance payments	-	1,042,417	1,042,417
Depreciation	262,417	-	262,417
Total Operating Expenses	<u>645,614</u>	<u>1,174,333</u>	<u>1,819,947</u>
OPERATING INCOME (LOSS)	<u>(516,642)</u>	<u>(1,174,333)</u>	<u>(1,690,975)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings	3,927	-	3,927
Gain (Loss) on disposition of capital assets	21,365	-	21,365
Interest expense	(5,610)	-	(5,610)
Federal grants	224,046	1,197,432	1,421,478
Total Nonoperating Revenues (Expenses)	<u>243,729</u>	<u>1,197,432</u>	<u>1,441,161</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(272,913)</u>	<u>23,099</u>	<u>(249,814)</u>
Capital contributions	393,923	-	393,923
Transfers	-	-	-
CHANGE IN NET ASSETS	<u>121,010</u>	<u>23,099</u>	<u>144,109</u>
TOTAL NET ASSETS - BEGINNING	<u>2,602,062</u>	<u>106,527</u>	<u>2,708,589</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,723,072</u>	<u>\$ 129,626</u>	<u>\$ 2,852,698</u>

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF NATCHITOCHE PARISH

STATEMENT OF CASH FLOWS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>GENERAL</u>	<u>SECTION 8 - HOUSING CHOICE VOUCHER</u>	<u>TOTAL</u>
Cash Flows From Operating Activities			
Dwelling rent receipts	\$ 101,345		\$ 101,345
Other receipts	55,332		55,332
Payments to suppliers	(163,060)	(37,562)	(200,622)
Payments to employees	(194,058)	(55,065)	(249,123)
Other payments	(6,244)	-	(6,244)
Interfund receipts (payments)	(41,969)		(41,969)
Housing assistance payments	-	(1,042,417)	(1,042,417)
	<u>(248,654)</u>	<u>(1,135,044)</u>	<u>(1,383,698)</u>
Net Cash Provided (Used) by Operating Activities			
Cash Flows From NonCapital Financing Activities			
Federal grants	<u>209,053</u>	<u>1,250,212</u>	<u>1,459,265</u>
	<u>209,053</u>	<u>1,250,212</u>	<u>1,459,265</u>
Net Cash Provided (Used) by Noncapital Financing Activities			
Cash Flows From Capital and Related Financing Activities			
Sale of capital assets	422,000		422,000
Acquisition and construction of capital assets	(392,393)		(392,393)
Payment of capital debt	(400,535)		(400,535)
Interest paid on capital debt	(6,762)		(6,762)
Loan (to component unit)/from primary government	-		-
Contributed capital	<u>392,393</u>		<u>392,393</u>
	<u>14,703</u>	<u>-</u>	<u>14,703</u>
Net Cash Provided (Used) by Capital and Related Financing Activities			

(CONTINUED)

HOUSING AUTHORITY OF NATCHITOCHES PARISH

STATEMENT OF CASH FLOWS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004

	GENERAL	SECTION 8 - HOUSING CHOICE VOUCHER	TOTAL
Cash Flows From Investing Activities			
(Increase) Decrease in investments	(4,642)		(4,642)
Interest and dividends received	4,642		4,642
Net Cash Provided (Used) by Investing Activities	-	-	-
Net Increase in Cash and Cash Equivalents	(24,898)	115,168	90,270
Cash and Cash Equivalents, Beginning of Year	47,770	13,331	61,101
Cash and Cash Equivalents, End of Year	22,872	128,499	151,371

(CONTINUED)

HOUSING AUTHORITY OF NATCHITOCHE PARISH

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>GENERAL</u>	<u>SECTION 8 - HOUSING CHOICE VOUCHER</u>	<u>TOTAL</u>
Reconciliation of Operating Income to Net Cash Provided (Used)			
by Operating Activities			
Operating income (loss)	\$ (516,642)	\$ (1,174,333)	\$ (1,690,975)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	-	-	-
Depreciation expense	262,417	-	262,417
Changes in assets and liabilities:	-	-	-
(Increase) decrease in accounts receivable, net	24,350	-	39,343
(Increase) decrease in due from other funds	981	41,420	42,401
(Increase) decrease in inventories	(1,687)	-	(1,687)
(Increase) decrease in prepaid items	1,244	(3,518)	(2,274)
Increase (decrease) in accounts payable	656	1,818	2,474
Increase (decrease) in customer deposits	(827)	-	(827)
Increase (decrease) in compensated absences	(352)	1,777	1,425
Increase (decrease) in other liabilities	7,084	(2,208)	4,876
Increase (decrease) in due to other funds	(40,871)	-	(40,871)
Total Adjustments	<u>252,995</u>	<u>39,289</u>	<u>307,277</u>
Net Cash Provided by Operating Activities	<u>\$ (248,654)</u>	<u>\$ (1,135,044)</u>	<u>\$ (1,383,698)</u>
Listing of Noncash Investing, Capital, and Financial Activities			
Acquisition of capital assets through the incurrence of liabilities	<u>\$ 1,529</u>	<u>\$ -</u>	<u>\$ 1,529</u>

(CONCLUDED)

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Housing Authority of Natchitoches Parish of Natchitoches, Louisiana (the "Housing Authority") was chartered as a public corporation for the purpose of providing safe and sanitary housing, as authorized by Louisiana Revised Statute 40:391. The Housing Authority is governed by a five-member board of commissioners, who are appointed by the Parish Police Jury of Natchitoches Parish. The members of the board of commissioners serve staggered five-year terms without benefit of compensation.

The Housing Authority has the following units:

	<u>Number of Units</u>
PHA Owned Housing	92
Section 8 – Housing Choice Voucher	334

The Housing Authority also manages 62 units through management contracts for two projects.

Governmental Accounting Standards Board (GASB) Statement No. 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 of Natchitoches Parish 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 defined by GASB Statement No. 14, fiscally independent means that the Housing Authority may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

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

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

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, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
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.

B. BASIS OF PRESENTATION AND FUND ACCOUNTING

The accounts of the Housing Authority are organized and operated on a fund basis whereby a self-balancing set of accounts, which comprise the Housing Authority's assets, liabilities, net assets, revenues, and expenses, is maintained. 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.

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. The general fund accounts for the transactions of the public housing low rent program, the capital funds program, and the tenant assistance program. The other funds reported by the Housing Authority are the Section 8 – Housing Choice Vouchers for which the Housing Authority is the contract administrator.

The Housing Authority's operating revenues include dwelling rentals, tenant charges, and other revenues. Revenues that are not classified as operating revenues are presented as nonoperating revenues.

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

The accompanying basic financial statements of the Housing Authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (the "Statement"), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board. Certain of the changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Housing Authority's overall financial position and results of operations is required to be presented.
- Fund Equity that had been classified as contributed capital and retained earnings is now reported as Net Assets and classified as either (a) invested in capital assets, net of related debt, (b) restricted net assets, or (c) unrestricted net assets.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary funds are reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. 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. BUDGET PRACTICES

The Housing Authority adopted budgets for all funds. Budgets for the Capital Funds Programs are multiple-year budgets.

HUD approves all budgets for all HUD-funded programs. Such budgets are controlled by fund at the function level. Budgetary amendments require approval of the board of commissioners; however, the Executive Director is authorized to transfer amounts between line items within any fund provided such transfer does not change the total of any function. Monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budgetary integration is employed as a management control device during the year.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits having an original maturity of ninety days or less, and cash with the fiscal agent. Under state law, the Housing authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Housing Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the Housing authority has cash demand deposits (book balances) totaling \$151,272.

These deposits are stated at cost, which approximates fair value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Deposit balances (bank balances), including demand deposits and time deposits at June 30, 2004, totaled \$391,662. Of the bank balances, \$239,705 was covered by federal depository insurance (GASB Category 1). The remaining \$151,975 was collateralized with securities held by the pledging financial institution's trust or agent but in the Housing Authority's name (GASB Category 2).

F. INVESTMENTS

Financial instruments having original maturities exceeding ninety days are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents. Investments are reported at either fair value or amortized cost.

G. BAD DEBTS

Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

H. INTERNAL BALANCES

During the course of operations, numerous transactions occur between individual funds and programs for services rendered or for reimbursement of costs paid by one fund or program on behalf of another fund or program. These receivables and payables are classified in internal balances on the balance sheet. The internal balances are eliminated at the primary government level in the balance sheet.

I. INVENTORY

All inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year-end, the amount of inventory is recorded for external financial reporting purposes.

J. PREPAID EXPENSES

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

K. TENANTS' REFUNDABLE SECURITY DEPOSITS

The Housing Authority requires tenants to place a deposit before moving into a unit. These deposits are considered restricted and are held until the tenant moves out.

L. CAPITAL ASSETS

Capital assets of the Housing Authority are included on the balance sheet of the enterprise fund and are recorded at actual cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives as shown:

Buildings	33 years
Building and site improvements	15 years
Furniture and fixtures	5-7 years
Computers	3 years

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

M. VACATION AND SICK LEAVE

The Housing Authority follows Louisiana 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 the employee's retirement or termination date.

N. RESTRICTED NET ASSETS

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

O. RISK MANAGEMENT

The Housing Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Housing Authority maintains commercial insurance policies covering property, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2004.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with U. S. 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 statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

2. INVESTMENTS

At June 30, 2004, the Housing Authority's investments included investments in certificates of deposit in a local financial institution. The certificates of deposit are reported in the financial statements at their amortized cost of \$212,555.

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

3. RESTRICTED ASSETS

Restricted assets at June 30, 2004, are as follows:

Cash and cash equivalents – tenants security deposits	\$ 9,397
Cash and cash equivalents – Section 8 escrow account	1,184
Total restricted assets	\$ 10,581

4. RECEIVABLES

The following is a summary of receivables, net of allowance for doubtful accounts, at June 30, 2004:

	Low Rent	CFP	Section 8	Total
Tenants	\$ 835			\$ 835
Other	10,993			10,993
Federal Grants		\$ 1,530	\$ 1,337	2,867
Total	11,828	1,530	1,337	14,695
Less allowance for doubtful accounts	(753)			(753)
Total	\$ 11,075	\$ 1,530	\$ 1,337	\$ 13,942

5. FIXED ASSETS

The following presents the changes in fixed assets for the year ended June 30, 2004:

	Balance at July 1, 2003	Additions	Deletions	Balance at June 30, 2004
Land	\$ 221,890	\$	\$	\$ 221,890
Buildings and improvements	5,390,959	299,560	(400,535)	5,289,984
Furniture and equipment	306,229	5,021		311,250
Site Improvements	1,078,504	6,715		1,085,219
Construction-in-Progress	53,479	82,626		136,105
Total	\$ 7,051,061	\$ 393,922	\$ (400,535)	\$ 7,044,448

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

	Balance at July 1, 2003	Additions	Deletions	Balance at June 30, 2004
Less accumulated depreciation:				
Buildings and improvements	\$ 2,954,620	\$ 235,417	\$	\$ 3,190,037
Site Improvements	1,037,249	11,131		1,048,380
Furniture and equipment	271,351	15,869		287,220
Total	<u>4,263,220</u>	<u>262,417</u>		<u>4,525,637</u>
Fixed assets, net	<u>\$ 2,787,841</u>	<u>\$ 131,505</u>	<u>\$ (400,535)</u>	<u>\$ 2,518,811</u>

6. RETIREMENT SYSTEM

The employees of the Housing Authority of Natchitoches Parish participate in the Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular, full-time employees are eligible to participate in the plan on the first day of the month following completion of three months of continuous uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 6% of his basic compensation. The Housing Authority makes a monthly contribution equal to 8.5% of each participant's basic compensation. Employees are considered fully vested in the plan after five years of continuous participation. Forfeitures of Housing Authority's contributions and interest earnings by employees who leave before being fully vested are used to offset future contributions by the Housing Authority.

At June 30, 2004 and 2003 the Housing Authority's contributions to the plan totaled \$10,761 and \$23,461 respectively.

7. COMPENSATED ABSENCES

At June 30, 2004, employees of the Housing Authority had accumulated and vested \$14,139 of employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities within the fund from which payment will be made.

The cost of leave privileges, computed in accordance with the previous codification, is recognized as a current year expenditure within the various funds when leave is actually taken or when employees are paid for accrued annual leave upon resignation or retirement, while the cost of leave privileges not requiring current resources is considered a long-term obligation.

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

8. LONG-TERM OBLIGATIONS

Long-term obligations consist solely of compensated absences in the amount of \$6,266.

9. LITIGATION AND CLAIMS

At June 30, 2004, the Housing Authority is not involved in any known pending or threatened litigation, nor is it aware of any unasserted claims.

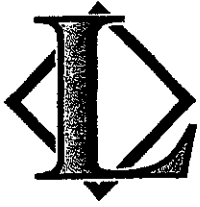
10. COMMITMENTS AND CONTINGENCIES

The Housing Authority operates in accordance with the requirements of two Annual Contribution Contracts. The Housing Authority's noncompliance with such contracts may result in a reduction of funding from HUD.

The Housing Authority participates in a number of federal grant programs. The programs are subject to compliance audits. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**Independent Auditors' Report Required
by *Government Auditing Standards***

The following independent Auditors' report on compliance with laws and regulations and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Compliance and
Internal Control Over Financial Reporting Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Commissioners
Housing Authority of Natchitoches Parish
Natchitoches, Louisiana

We have audited the basic financial statements of the Housing Authority of Natchitoches Parish, Louisiana as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of Natchitoches Parish'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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of Natchitoches Parish's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an

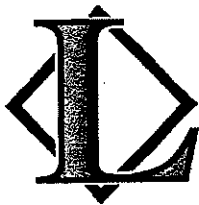
Housing Authority of Natchitoches Parish
Natchitoches, Louisiana
Independent Auditors' Report on Compliance
And Internal Control Over Financial Reporting, etc.
June 30, 2004

opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Housing Authority of Natchitoches Parish, its management and oversight agencies, and the Louisiana Legislative Auditor, 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.



Natchitoches, Louisiana
December 17, 2004



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

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

To the Board of Commissioners
Housing Authority of Natchitoches Parish
Natchitoches, Louisiana

Compliance

We have audited the compliance of the Housing Authority of Natchitoches Parish 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 its major federal program for the year ended June 30, 2004. The Housing Authority of Natchitoches Parish's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Natchitoches Parish's management. Our responsibility is to express an opinion on the Housing Authority of Natchitoches Parish's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular 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 Natchitoches Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of Natchitoches Parish's compliance with those requirements.

In our opinion, the Housing Authority of Natchitoches Parish complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004. However, the results of our auditing procedures disclosed instances of

Board of Commissioners
Housing Authority of Natchitoches Parish
Natchitoches, Louisiana
Independent Auditors' Report on Compliance
And Internal Control Over Compliance, etc.
June 30, 2004

noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 04-01.

Internal Control Over Compliance

The management of the Housing Authority of Natchitoches Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of Natchitoches Parish'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 the 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 solely for the information and use of the Housing Authority of Natchitoches Parish, its management and oversight agencies, and the Louisiana Legislative Auditor, 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.

Little & Associates, LLC

Natchitoches, Louisiana
December 17, 2004

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

A. SUMMARY OF AUDIT RESULTS

Financial Statement Audit

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Housing Authority of Natchitoches Parish of Natchitoches, Louisiana.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Housing Authority of Natchitoches Parish, Louisiana were disclosed during the audit.

Audit of Federal Awards

5. No reportable conditions relating to the audit of the major federal award program is reported in the Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
4. The auditors' report on compliance for the major federal award programs for the Housing Authority of Natchitoches Parish expresses an unqualified opinion on all major programs.
5. There was one audit finding relevant to the major federal award program for the Housing Authority of Natchitoches Parish.
6. The programs tested as major programs included:

CFDA #14.871 Section 8 Housing Choice Voucher
7. The threshold used for distinguishing Type A and B programs was \$300,000.
8. The Housing Authority of Natchitoches Parish qualifies as a low-risk auditee.

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

Section 8 Housing Choice Voucher - CFDA #14.871

Finding 04-01

Condition and Criteria: HUD has guidelines for verifying and calculating tenant income. A total of seventeen Section 8 tenant files and two Low Rent tenant files were selected for testing tenant eligibility compliance. The testing of the tenant files detected the following instances of noncompliance:

Of the seventeen Section 8 files we reviewed:

- In one instance, tenant income was not calculated correctly.
- In three instances, there was not proper verification.
- In three instances, the file was incomplete.
- In two instances, the rent was not calculated correctly.

Of the two Low Rent files we reviewed:

- Evidence of verification of income was not present.

Effect: The amount of monthly rent charged these tenants may not be correct.

Cause: Unknown

Recommendation: Housing Authority personnel responsible for calculating tenant income should review HUD's guidelines relevant to this matter. Also, the Housing Authority should continue its periodic reviews of tenant files, particularly with respect to third party verifications. Also, such reviews should include recalculating tenant income.

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2004

Finding 03-01 – Tenant Files

Statement of Condition

PHA personnel are well trained and do a good job. However, exceptions were noted in a review of files in verification of income, obtaining a 214 Declaration of Citizenship, and Section 8 payment standards.

Status

See current year finding 04-01.

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Corrective Action Plan
For the Year Ended June 30, 2004

Our corrective action plan is as follows:

Finding 04-01

Condition Found: Tenant incomes were not calculated correctly and verifications of tenant income were not timely made.

Corrective Action Planned: Periodic reviews of a sample of tenant files will be performed.

Person Responsible for Corrective Action:

Theresa Gibson
Executive Director
Housing Authority of Natchitoches Parish
529 Fourth Street
Post Office Box 255
Natchitoches, Louisiana 71458-0255

Supplemental Information Schedules

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2004

The members of the Board of Commissioners serve a staggered five-year term without compensation. The Board consists of the following members at June 30, 2004:

Dr. Richard Galloway
927 Nettie St
Natchitoches, LA 71457
352-4339 (H) 357-0232 (W)

Mr. John J Lewis
PO Box 97
Natchitoches, LA 71457
352-3512

Mrs. Peggy Braxton
142 Starlight Point
Natchitoches, LA 71457
354-2223
357-1400 (curves)

Mrs. Elizabeth Dalton
1688 Hwy 6
Natchitoches, LA 71457
352-4930 (H)
471-3722(C)

Mr. Edward Ward, Jr.
149 Martin Luther King
Natchitoches LA 71457
357-0695 (home)
352-4405 (work)

NATCHITOCHE PARISH HOUSING AUTHORITY
 Natchitoches, Louisiana

Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2004

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Public and Indian Housing - Low Rent Program	14.850		\$183,639
Section 8 Housing Choice Voucher	14.871		1,197,432
PHDEP	14.854		14,993
Capital Fund	14.872		<u>419,337</u>
Total U.S. Department of Housing and Urban Development - Direct Programs			<u>1,815,401</u>
Total Expenditures of Federal Awards			<u>\$1,815,401</u>

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

2. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

Public and Indian Housing – Low Rent Program	\$ 183,639
Section 8 – Housing Choice Voucher	1,197,432
PHDEP	14,993
Capital Fund	<u>419,337</u>
Total	<u>\$1,815,401</u>

4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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 U. S. generally accepted accounting principles.

5. FEDERAL AWARDS

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's 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 the Housing Authority bonds or for the Housing Authority notes held by the Federal Financing Bank 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 NATCHITOCHES
Natchitoches, Louisiana

Statement of Comprehensive Grant Cost Certificate
For the Year Ended June 30, 2004

1. The actual modernization costs for the completed modernization program is as follows:

	Grant LA-48-P166501- 501-01
Funds Approved	\$213,858
Funds Expended	<u>213,858</u>
Excess of Funds Approved	<u>NONE</u>
Funds Advanced	\$213,858
Funds Expended	<u>213,858</u>
Excess of Funds Advanced	<u>NONE</u>

2. The distribution of costs as shown on the Actual Comprehensive Grant Certificate dated August 23, 2004, for the above project is in agreement with the Housing Authority's records.

3. All modernization costs have been paid and all related liabilities have been charged through payment.

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Statement of Comprehensive Grant Cost Certificate
For the Year Ended June 30, 2004

1. The actual modernization costs for the completed modernization program is as follows:

	Grant LA-48-P166501- 501-02
	<hr/>
Funds Approved	\$203,148
Funds Expended	<hr/> 203,148
Excess of Funds Approved	<hr/> NONE
Funds Advanced	\$203,148
Funds Expended	<hr/> 203,148
Excess of Funds Advanced	<hr/> NONE

2. The distribution of costs as shown on the Actual Comprehensive Grant Certificate dated August 23, 2004, for the above project is in agreement with the Housing Authority's records.

3. All modernization costs have been paid and all related liabilities have been charged through payment.

HOUSING AUTHORITY OF NATCHITOCHIES PARISH
Natchitoches, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2004

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Programs	-Section 8- Housing Choice Vouchers	Public and Indian Housing Drug Elimination Program	Totals
ASSETS:						
CURRENT ASSETS:						
Cash:						
111	Cash - unrestricted	\$ 13,475	\$ -	\$ 127,316	-	140,791
113	Cash - other restricted	-	-	\$ 1,184	-	9,397
114	Cash - tenant security deposits	9,397	-	-	-	9,397
100	Total Cash	22,872	-	128,500	-	150,188
Accounts and notes receivables:						
122	Accounts receivable - HUD other projects	-	1,530	1,337	-	2,867
125	Accounts receivable - miscellaneous	10,861	-	-	-	10,861
126	Accounts receivable - tenants - dwelling rents	835	-	-	-	835
126	Allowance for doubtful accounts - dwelling rents	(753)	-	-	-	(753)
128	Fraud recovery	-	-	-	-	-
129	Accrued Interest Receivable	132	-	-	-	132
120	Total receivables, net of allowances for doubtful accounts	11,075	1,530	1,337	-	13,942
Current investments:						
131	Investments - unrestricted	-	-	-	-	212,555
142	Prepaid expenses and other assets	212,555	-	3,518	-	26,171
143	Inventories	22,653	-	-	-	5,544
144	Inter-program - due from	5,544	(1,530)	3,054	-	1
150	TOTAL CURRENT ASSETS	273,175	-	136,409	-	408,400

HOUSING AUTHORITY OF NATCHITOCHE PARISH
Natchitoches, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2004

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Programs	-Section 8- Housing Choice Vouchers	Public and Indian Housing Drug Elimination Program	Totals
NONCURRENT ASSETS:						
Fixed assets:						
161	Land	221,890	-	-	-	221,890
162	Buildings	4,990,424	299,560	-	-	5,289,984
163	Furniture, equipment & machinery - dwellings	75,538	12,444	-	-	87,982
164	Furniture, equipment & machinery - administration	207,482	15,787	-	-	223,269
165	Leasehold improvements	1,078,504	6,716	-	-	1,085,220
166	Accumulated depreciation	(4,492,237)	(33,401)	-	-	(4,525,638)
167	Construction in progress	-	136,105	-	-	136,105
160	Total fixed assets, net of accumulated depreciation	2,081,601	437,211	-	-	2,518,812
Other noncurrent assets:						
171	Notes, loans, & mortgages receivable - noncurrent	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	2,081,601	437,211	-	-	2,518,812
190	TOTAL ASSETS	\$ 2,354,776	\$ 437,211	\$ 136,409	\$ -	\$ 2,928,396

HOUSING AUTHORITY OF NATCHITOCHEES PARISH
Natchitoches, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2004

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Programs	-Section 8- Housing Choice Vouchers	Public and Indian Housing Drug Elimination Program	Totals
LIABILITIES AND NET ASSETS:						
LIABILITIES:						
Current liabilities:						
312	Accounts payable <=90 days	\$ 4,944	\$ -	\$ 961		5,905
321	Accrued wages/payroll taxes payable	4,456		857		5,313
322	Accrued compensated absences - current portion	5,626		2,159		7,785
341	Tenant security deposits	9,397		-		9,397
345	Other current liabilities	39,760		1,184		40,944
347	Inter-program due to	-				-
310	TOTAL CURRENT LIABILITIES	<u>64,183</u>	<u>-</u>	<u>5,161</u>	<u>-</u>	<u>69,344</u>
Noncurrent liabilities:						
354	Accrued compensated absences - non-current	4,732		1,508		6,240
350	TOTAL NONCURRENT LIABILITIES	<u>4,732</u>	<u>-</u>	<u>1,508</u>	<u>-</u>	<u>6,240</u>
300	TOTAL LIABILITIES	<u>68,915</u>	<u>-</u>	<u>6,669</u>	<u>-</u>	<u>75,584</u>
NET ASSETS:						
508.1	Invested in capital assets, net of related debt		437,211			2,518,812
512.1	Unrestricted net assets	2,081,601	-	129,740		334,000
513	TOTAL NET ASSETS	<u>2,283,861</u>	<u>437,211</u>	<u>129,740</u>	<u>-</u>	<u>2,852,812</u>
600	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,354,776</u>	<u>\$ 437,211</u>	<u>\$ 136,409</u>	<u>\$ -</u>	<u>\$ 2,928,396</u>

Schedule 5 (Continued)

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2004

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Programs	-Section 8- Housing Choice Vouchers	Public and Indian Housing Drug Elimination Program	Totals
REVENUE:						
703	Net tenant rental revenue	\$ 100,907	-	-	-	\$ 100,907
704	Tenant revenue - other	9,489	-	-	-	9,489
705	Total tenant revenue	110,396	-	-	-	110,396
706	HUD PHA operating grants	183,639	25,414	1,197,432	-	1,406,485
706.1	Capital grants	-	393,923	-	14,993	408,916
711	Investment income-unrestricted	3,928	-	-	-	3,928
715	Other revenue	18,576	-	-	-	18,576
716	Gain/loss on sale of fixed assets	21,365	-	-	-	21,365
700	TOTAL REVENUE	337,904	419,337	1,197,432	14,993	1,969,666
EXPENSES:						
Administrative						
911	Administrative salaries	83,550	-	57,584	-	141,134
912	Auditing fees	530	-	-	-	530
914	Compensated absences	7,109	-	114	-	7,223
915	Employee benefit contributions - administrative	30,203	-	31,039	-	61,243
916	Other operating - administrative	44,424	8,699	41,261	14,993	109,377
	Subtotal	165,817	8,699	129,998	14,993	319,507
Tenant services						
922	Relocation costs	-	-	-	-	-
924	Tenant services - other	793	-	-	-	793
	Subtotal	793	-	-	-	793
Utilities						
931	Water	450	-	-	-	450
932	Electricity	12,637	-	-	-	12,637
933	Gas	1,998	-	-	-	1,998
938	Other Utilities Expense	619	-	-	-	619
	Subtotal	15,704	-	-	-	15,085
Ordinary maintenance & operation						
941	Ordinary maintenance and operations - labor	62,403	-	-	-	62,403
942	Ordinary maintenance and operations - materials & other	27,146	-	-	-	27,146
943	Ordinary maintenance and operations - contract costs	15,349	-	48	-	15,397

HOUSING AUTHORITY OF NATCHITOCHESES PARISH
Natchitoches, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2004

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Programs	-Section 8- Housing Choice Vouchers	Public and Indian Housing Drug Elimination Program	Totals
945	Employee benefit contributions - ordinary maintenance	22,545	-	-	-	22,545
	Subtotal	127,443	-	48	-	127,491
952	Protective services	-	-	-	-	-
	Protective services - other contract costs	-	-	-	-	-
	Subtotal	-	-	-	-	-
961	General expenses	38,531	-	1,870	-	40,401
962	Insurance premiums	973	-	-	-	973
963	Other General Expenses	8,529	-	-	-	8,529
964	Payments in lieu of taxes	1,715	-	-	-	1,715
964	Bad debts - tenant rents	5,610	-	-	-	5,610
967	Interest Expense	55,358	-	1,870	-	57,228
	Subtotal	365,115	8,699	131,916	14,993	520,723
969	TOTAL OPERATING EXPENSES					
		(27,210)	410,638	1,065,516	-	1,448,943
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES					
972	Casualty losses - non-capitalized	-	-	-	-	-
973	Housing assistance payments	-	-	1,042,417	-	1,042,417
974	Depreciation expense	236,394	26,023	-	-	262,417
975	Fraud losses	-	-	-	-	-
900	TOTAL EXPENSES	601,509	34,722	1,174,333	14,993	1,825,557
1001	OTHER FINANCING SOURCES (USES)					
1002	Operating transfers in	16,715	-	-	-	16,715
	Operating transfers out	-	(16,715)	-	-	(16,715)
1010	TOTAL OTHER FINANCING SOURCES (USES)	16,715	(16,715)	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	\$ (246,889)	\$ 367,900	\$ 23,099	\$ -	\$ 144,109

Schedule 5 (Continued)

HOUSING AUTHORITY OF NATCHITOCHES PARISH
Natchitoches, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2004

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Programs	-Section 8- Housing Choice Vouchers	Public and Indian Housing Drug Elimination Program	Totals
1101	Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
1103	Beginning equity	\$ 2,532,750	\$ 69,311	\$ 106,527	\$ -	\$ 2,708,588
1104	Prior period adjustments, equity transfers, and correction of errors	\$ -	\$ -	\$ -	\$ -	\$ -
1113	Maximum Annual Contributions Commitment (Per Acc)	\$ -	\$ -	\$ 1,185,557	\$ -	\$ 1,185,557
1115	Contingency reserve, ACC program reserve	\$ -	\$ -	55,464	\$ -	55,464
1116	Total annual contributions available	\$ -	\$ -	\$ 1,241,021	\$ -	\$ 1,241,021
1120	Unit months available	1,080	-	4,068	-	5,088
1121	Number of unit months leased	1,080	-	3,914	-	4,994