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**HOUSING AUTHORITY OF LAKE ARTHUR**  
**REPORT ON EXAMINATION OF**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**  
**(UNAUDITED)**  
**TWELVE MONTHS ENDED SEPTEMBER 30, 2004**

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

Release Date 3/16/05

**Mike Estes, P.C.**  
A Professional Accounting Corporation

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**MIKE ESTES, P.C.**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
4200 AIRPORT FREEWAY – SUITE 100  
FORT WORTH, TEXAS 76117

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MIKE ESTES, CPA

(817) 831-3553  
METRO (817) 654-4063  
FAX (817) 831-3560  
e-mail: mestespc@swbell.net

MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

Board of Commissioners  
Housing Authority of Lake Arthur  
Lake Arthur, Louisiana

*We have reviewed the accompanying financial statements of the business-type activities, each major fund, for the year ended September 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and the accompanying supplementary information, which are presented for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Housing Authority of Lake Arthur.*

A review consists principally of inquiries of the Housing Authority of Lake Arthur personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

As described in Note 1 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 – For State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

*We have also performed agreed-upon procedures to test representations included in the Louisiana Attestation Questionnaire for the year-ended September 30, 2004, all included therein.*

Mike Estes, P.C.  
Fort Worth, Texas  
February 16, 2005

**HOUSING AUTHORITY OF LAKE ARTHUR, LOUISIANA  
REQUIRED SUPPLEMENTAL INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
SEPTEMBER 30, 2004**

Housing Authority of Lake Arthur, Louisiana  
Management's Discussion and Analysis (MD&A)  
September 30, 2004

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

### FINANCIAL HIGHLIGHTS

- The Housing Authority's assets exceeded its liabilities by \$807,051 at the close of the fiscal year ended 2004.
  - ✓ Of this amount, \$17,085 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 6% of the total operating expenses for the fiscal year 2004, which means the Authority could operate about 1 month using the unrestricted assets alone.
  - ✓ The remainder of \$789,966 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 decreased by \$19,609, a 2% change from the prior fiscal year 2003. This decrease is attributable to depreciation, the Authority's largest single category of expense, described in more detail below.
- The Authority spent \$8,040 on capital asset additions and \$73,576 on construction in progress for repairing termite damage, reshingling roofs, fixing plumbing problems, renovation and repainting of interiors, and replacing appliances.
- 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.

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Housing Authority of Lake Arthur, Louisiana  
Management's Discussion and Analysis (MD&A)  
September 30, 2004

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### **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 most significant funds, the Low Rent Housing Program and Public Housing Capital Fund Program.

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

### **Reporting the Housing Authority's Most Significant Funds**

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

*The Housing Authority's enterprise funds use the following accounting approach 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.

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Housing Authority of Lake Arthur, Louisiana  
Management's Discussion and Analysis (MD&A)  
September 30, 2004

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**FINANCIAL ANALYSIS**

The Housing Authority's net assets were \$807,051 as of September 30, 2004. Of this amount, \$789,966 was invested in capital assets, and the remaining \$17,085 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

**CONDENSED FINANCIAL STATEMENTS**

**Condensed Balance Sheet  
As of September 30, 2004**

**ASSETS**

Current Assets	\$ 62,592
Capital Assets, Net of Depreciation	<u>789,966</u>
Total Assets	<u><u>852,558</u></u>

**LIABILITIES**

Current Liabilities	44,110
Non-Current Liabilities	<u>1,397</u>
Total Liabilities	<u>45,507</u>

**NET ASSETS**

Invested in Capital Assets	789,966
Unrestricted	<u>17,085</u>
Total Net Assets	<u>807,051</u>
Total Liabilities and Net Assets	<u><u>852,558</u></u>

Housing Authority of Lake Arthur, Louisiana  
 Management's Discussion and Analysis (MD&A)  
 September 30, 2004

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The net assets of these funds decreased by \$19,609, or by 2%, from those of fiscal year 2003, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

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

<b>OPERATING REVENUES</b>	
Rental Revenue	\$ 74,966
Other Tenant Revenue	1,501
Total Operating Revenues	76,467
<b>OPERATING EXPENSES</b>	
Administration	73,705
Tenant Services	827
Utilities	17,727
Ordinary maintenance and operations	55,414
General and Other	34,353
Depreciation	94,608
Total Operating Expenses	276,634
(Loss) from Operations	(200,167)
<b>NON-OPERATING REVENUES</b>	
Federal Grants - Operating	104,204
Federal Grants - Capital	76,137
Loss on disposal of assets	(90)
Interest Income and Other Revenue	307
Total Non-Operating Revenues	180,558
<b>NET (DECREASE) IN NET ASSETS</b>	(19,609)
<b>NET ASSETS, Beginning of Year</b>	826,660
<b>NET ASSETS, End of Year</b>	807,051

The decrease in net assets of these funds was accompanied by a decrease in unrestricted cash by \$5,046 from fiscal year 2003, primarily due to investments in capital assets beyond the grants received from HUD for operations and capital funds.

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.)



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Housing Authority of Lake Arthur, Louisiana  
Management's Discussion and Analysis (MD&A)  
September 30, 2004

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Compared with the prior fiscal year, total revenues decreased \$28,180, or by 10%. Reasons for this change are listed below in order of impact from greatest to least:

- Other income decreased by \$53,381 from fiscal year 2003, because there were insurance claims proceeds from a casualty loss received in 2003, but no such loss in 2004.
- There was a \$19,548 increase in funding from HUD for capital projects, plus an increase of \$5,349 in funding from HUD for operations, for an overall net increase of 16% in funding from HUD from fiscal years 2002 through 2003. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal year 2003, and submitted a new grant during fiscal year 2004.

Compared with the prior fiscal year, total expenses decreased \$49,783, or by 15%. Again, reasons for this change are listed below in order of impact from greatest to least:

- Other expenses decreased by \$53,785 from fiscal year 2003, because there was a casualty loss in 2003, as noted above, but none in 2004.
- Administrative expense increased by \$6,353, or by 9% from the prior year, due to an increase in administrative salaries and related benefits by 4%, and an increase in sundry administrative expenses by 22% to upgrade the computer system and software, and refurbish the office.
- Ordinary maintenance and repairs decreased by \$2,448, or by 4% from the prior year due to a decrease in contract labor by 23%, offset by an increase in staff labor and related benefits by 3%. Most of this was related to the repair and renovation programs previously noted.
- General Expense decreased by only \$245, or by 1% from the prior year. However, there were two significant but nearly offsetting factors within this change. Insurances rates went up by \$2,040, or 8%, due to a workmen's' comprehensive insurance claim by a repairman, and to rate increases in property and casualty insurance arising from prior year's casualty claims. To offset this increase, there were no expenditures during the current year for other general expenses, which therefore decreased from that of the prior fiscal year by 100%.
- *No other categories of expenses increased or decreased significantly.*

These changes led to a decrease in total assets by \$22,639 and a decrease in liabilities by \$3,030, to the end that cash decreased by \$5,046. However, despite these changes, capital assets excluding depreciation actually increased by \$81,616, and there are still over \$1.38 of current assets covering each dollar of liability.

Housing Authority of Lake Arthur, Louisiana  

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Management's Discussion and Analysis (MD&A)  
September 30, 2004

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2004, the Housing Authority had \$2,507,307 invested in a broad range of assets and construction in progress from projects funded in 2003, listed below. This amount, not including depreciation, represents increases of \$81,616 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

<b>Capital Assets, Net of Accumulated Depreciation As of September 30, 2004</b>	
Land	\$ 19,151
Buildings	612,186
Furniture and Equipment	13,892
Leasehold Improvements	19,463
Construction in Progress	<u>125,274</u>
 Total	 <u>789,966</u>

As of the end of the 2004 fiscal year, the Authority is still in the process of completing HUD grants of \$186,126 obtained during 2002 through 2003 fiscal years. A total remainder of \$33,292 will be received and \$28,322 will be spent for completing these projects during fiscal year 2005.

Additional major capital projects of \$56,512 were approved for the 2005 fiscal year from a HUD grant submitted during fiscal year 2004.

**Debt**

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

**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 Mitchell Istre, Executive Director, at the Housing Authority of Lake Arthur, Louisiana; P.O. Box R; Lake Arthur, LA 70549-0018.

HOUSING AUTHORITY OF LAKE ARTHUR  
ENTERPRISE FUNDS - BALANCE SHEET  
YEAR ENDED SEPTEMBER 30, 2004

	General	Capital Fund Program	Total
<b><u>ASSETS</u></b>			
Current assets			
Cash and cash equivalents	\$ 42,024	\$ 0	\$ 42,024
Accounts receivable net	692	4,970	5,662
Interest receivable	5	0	5
Interfund receivable	4,970	665	5,635
Prepaid items and other assets	9,507	0	9,507
Inventory	366	0	366
Total Current Assets	57,564	5,635	63,199
Restricted Assets			
Cash	5,028	0	5,028
Capital Assets, net			
Land	19,151	0	19,151
Buildings, and equipment (net)	639,261	131,554	770,815
Total Capital Assets, net	658,412	131,554	789,966
Total Assets	\$ 721,004	\$ 137,189	\$ 858,193
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	\$ 1,360	\$ 0	\$ 1,360
Deferred revenue	0	665	665
Compensated absences payable	2,695	0	2,695
Interfund payable	665	4,970	5,635
Accrued PILOT	10,698	0	10,698
Contract retainage	23,664	0	23,664
Total Current Liabilities	39,082	5,635	44,717
Current Liabilities - payable from Current Restricted Assets -			
Deposits due others	5,028	0	5,028
Noncurrent Liabilities			
Compensated absences payable	1,397	0	1,397
Total Liabilities	45,507	5,635	51,142
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	658,412	131,554	789,966
Unrestricted	17,085	0	17,085
Net Assets	675,497	131,554	807,051
Total Liabilities and Net Assets	\$ 721,004	\$ 137,189	\$ 858,193

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

HOUSING AUTHORITY OF LAKE ARTHUR  
 ENTERPRISE FUNDS – STATEMENT OF REVENUES,  
 EXPENSES AND CHANGES IN FUND NET ASSETS  
 YEAR ENDED SEPTEMBER 30, 2004

	General	Capital Fund Program	Total
<b>OPERATING REVENUES</b>			
Dwelling rental	\$ 74,966	\$ 0	\$ 74,966
Other	1,501	0	1,501
Total Operating Revenues	<u>76,467</u>	<u>0</u>	<u>76,467</u>
<b>OPERATING EXPENSES</b>			
Administration	65,369	8,336	73,705
Tenant services	827	0	827
Utilities	17,727	0	17,727
Ordinary maintenance & operations	55,326	88	55,414
General expenses	34,353	0	34,353
Depreciation	93,744	864	94,608
Total Operating Expenses	<u>267,346</u>	<u>9,288</u>	<u>276,634</u>
Income (loss) from Operations	<u>(190,879)</u>	<u>(9,288)</u>	<u>(200,167)</u>
Non Operating Revenues (Expenses)			
Interest earnings	307	0	307
Federal grants	90,898	89,443	180,341
Loss on disposal of assets	(90)	0	(90)
Total Non-Operating Revenues (Expenses)	<u>91,115</u>	<u>89,443</u>	<u>180,558</u>
Income (loss) before contribution and transfer	<u>(99,764)</u>	<u>80,155</u>	<u>(19,609)</u>
Operating transfers in	4,882	0	4,882
Operating transfers out	0	4,882	4,882
Income (loss) before contribution	<u>(94,882)</u>	<u>75,273</u>	<u>(19,609)</u>
Capital Contribution			
Transfers in	64,226	0	64,226
Transfers out	0	64,226	64,226
Change in net assets	<u>(30,656)</u>	<u>11,047</u>	<u>(19,609)</u>
Total net assets - beginning	<u>706,153</u>	<u>120,507</u>	<u>826,660</u>
Total net assets - ending	<u>\$ 675,497</u>	<u>\$ 131,554</u>	<u>\$ 807,051</u>

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

HOUSING AUTHORITY OF LAKE ARTHUR  
 ENTERPRISE FUNDS – STATEMENT OF CASH FLOWS  
 YEAR ENDED SEPTEMBER 30, 2004

	General	Capital Fund Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rental receipts	\$ 74,738	\$ 0	\$ 74,738
Other receipts	(3,330)	4,970	1,640
Payments to vendors	(85,959)	(8,424)	(94,383)
Payments to employees – net	(80,901)	0	(80,901)
Net cash provided (used) by operating activities	(95,452)	(3,454)	(98,906)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating transfers in	4,882	0	4,882
Operating transfers out	0	(4,882)	(4,882)
Federal grants	90,898	8,336	99,234
Net cash provided (used) by non-capital financing activities	95,780	3,454	99,234
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of capital assets	(90)	0	(90)
Purchase of capital assets	(5,283)	(76,137)	(81,420)
Federal Capital Grants	0	76,137	76,137
Net cash provided (used) by capital and related financing activities	(5,373)	0	(5,373)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	302	0	302
Purchase of investments	30,630	0	30,630
Net cash provided (used) by interest income net of purchases of investment	30,932	0	30,932
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	25,887	0	25,887
<b>CASH AND CASH EQUIVALENTS Beginning of Fiscal Year</b>	21,165	0	21,165
<b>CASH AND CASH EQUIVALENTS End of Fiscal Year</b>	\$ 47,052	\$ 0	\$ 47,052

Continued

HOUSING AUTHORITY OF LAKE ARTHUR  
 ENTERPRISE FUNDS – STATEMENT OF CASH FLOWS  
 YEAR ENDED SEPTEMBER 30, 2004

	General	Capital Fund Program	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (190,879)	\$ (9,288)	\$ (200,167)
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation Expense	93,744	864	94,608
Provision of uncollectible accounts	222	0	222
Change in assets and liabilities:			
Receivables	(450)	0	(450)
<i>Due from other funds</i>	(4,970)	866	(4,104)
Inventories	697	0	697
Prepaid items	9,320	0	9,320
Account payables	(4,605)	0	(4,605)
Accrued expenses	2,335	0	2,335
Deferred revenue	0	(866)	(866)
Due to other funds	(866)	4,970	4,104
Net cash provided by operations	\$ (95,452)	\$ (3,454)	\$ (98,906)

Concluded

HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

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HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

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

**A. REPORTING ENTITY** Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of Lake Arthur, serve staggered multi-year terms.

The Housing Authority has the following units:

Program	Contract Number	Number Of Units
PHA owned housing	FW – 1192	49

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

The Housing Authority is a related organization of the Town of Lake Arthur since the Town of Lake Arthur appoints a voting majority of the Housing Authority’s governing board. The Town of Lake Arthur is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Lake Arthur. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Lake Arthur.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:



HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

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

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

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

All funds of the Housing Authority are classified as proprietary. The general fund accounts for the transactions of the public housing Low Rent program. The Capital Funding program accounts for Capital Funding grants.

### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**New Accounting Standards Adopted** During the year ended September 30, 2004, the Authority adopted three 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*.
- Statement No. 38, *Certain Financial Statement Note Disclosures*.

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 Lake Arthur. This new reporting model requires management to provide a narrative and analysis to the ordinary user called the 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.

HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

**PROPRIETARY FUNDS** Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 13, 1989.

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

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

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

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

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

The Housing Authority reported at amortized cost money market investments *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

Definitions:

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

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

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

**G. INVENTORY** All purchased inventory items are valued at cost using first-in, first-out method. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

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

**I. CAPITAL ASSETS** Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demand. Straight-line depreciation is used based on the following estimated useful lives:

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

General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, sidewalks, and other infrastructure assets acquired subsequent to July 1, 2003.

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

HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

**K. COMPENSATED ABSENCES** 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 his/her retirement or termination date.

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

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

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

**M. INTERFUND ACTIVITY** *Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses.*

All other interfund transfers are reported as operating transfers. Reimbursements are when one fund incurs cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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

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

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

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

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

HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

At September 30, 2004 the Housing Authority has Cash equivalents, and investments totaling \$47,052 as follows:

Cash on hand	\$	200
Demand deposits		15,920
Interest-bearing demand deposits		30,932
Total	\$	47,052
Cash and cash equivalents	\$	42,024
Cash and cash equivalents – restricted		5,028
Total	\$	47,052

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2004, the Housing Authority's carrying amount of deposits was \$46,852 and the bank balance was \$51,152. Of the bank balance, \$51,152 was covered by federal depository insurance (GASB Category 1).

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

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at September 30, 2004, are as follows:

<u>Class of Receivables</u>	<u>General</u>	<u>Capital Fund Program</u>	<u>Total</u>
<u>Local sources:</u>			
Tenants	\$ 692	\$ 4,970	\$ 5,662
Total	\$ 692	\$ 4,970	\$ 5,662

The tenants account receivable is net of an allowance for doubtful accounts of \$222.

HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

**NOTE 4 – CAPITAL ASSETS** The changes in capital assets are as follows:

	Balance 09/30/03	Additions	Deletions	Balance 09/30/04
Land	\$ 19,151	\$ 0	\$ 0	\$ 19,151
Buildings	2,266,620	5,845	0	2,272,465
Furniture and equipment	83,328	7,950	860	90,418
Construction in progress	57,542	67,731	0	125,273
Total	<u>2,426,641</u>	<u>81,526</u>	<u>860</u>	<u>2,507,307</u>
Less: accumulated depreciation				
Buildings	1,554,994	85,822	0	1,640,816
Furniture and equipment	68,599	8,786	860	76,525
Total	<u>1,623,593</u>	<u>94,608</u>	<u>860</u>	<u>1,717,341</u>
Fixed assets, net	<u>\$ 803,048</u>	<u>\$ (13,082)</u>	<u>\$ 0</u>	<u>\$ 789,966</u>

**NOTE 5 – RETIREMENT SYSTEM** The Housing Authority participates in the Housing – Renewal and Local Agency Retirement Plan, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one month of continuous and uninterrupted employment. Plan provisions and changes to plan contributions are determined by the Board of the Housing Authority.

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 of a minimum of 6% percent of each participant's basic (excludes overtime) compensation. This payment represents a 3% contribution by the employee, and a 3% contribution by the Housing Authority. The employees may make additional contributions.

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority. Normal retirement date shall be the first day of the month following the employee's 65<sup>th</sup> birthday or after 10 years of participation in the plan.

The Housing Authority's contributions were calculated using the base salary amount of \$53,616. The Housing Authority made the required contributions of \$3,876 for the year ended September 30, 2004, of which \$1,615 was paid by the Housing Authority and \$2,261 was paid by employees. No payments were made out of the forfeiture account.

HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

**NOTE 6 – ACCOUNTS PAYABLE** The payables at September 30, 2004 are as follows:

		General		Total
Vendors	\$	297	\$	297
Payroll taxes & Retirement withheld		1,063		1,063
Total	\$	1,360	\$	1,360

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

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

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

**Construction Projects** There are certain renovation or construction projects in progress at September 30, 2004. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

**Risk Management** The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

**NOTE 8 – INTERFUND RECEIVABLES / PAYABLES** Interfund receivables / payables at September 30, 2004 are as follows:

The Capital Fund program owes \$4,970 to the Low Rent program.

HOUSING AUTHORITY OF LAKE ARTHUR  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

**NOTE 9 – COMPENSATED ABSENCES** At September 30, 2004, employees of the Housing Authority have accumulated and vested \$4,092 of employee leave computed in accordance with GASB, Codification Section C60.

**NOTE 10 – GENERAL LONG – TERM OBLIGATIONS** The following is a summary of the long – term obligation transactions for the year ended September 30, 2004.

		Compensated Absences
Balance, beginning	\$	2,820
Additions		2,592
Deductions		1,320
Balance, ending		4,092
Amounts due in one year	\$	1,397

**NOTE 11 – INTERFUND TRANSFERS** Interfund transfers for the year September 30, 2004 consists of the following:

<u>Transfer To</u>	<u>Transfer From</u>
Low Rent	Capital Fund

The Capital Fund grant provisions allowed the PHA to transfer \$4,882 to the Low Rent program to pay for eligible Low Rent expenses and to also increase the operating reserve. \$64,226 of hard costs on completed closed out Capital Funding grants were also transferred to the Low Rent program.



SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF LAKE ARTHUR  
STATEMENT OF MODERNIZATION COSTS – UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2004

CASH BASIS

	2002 Capital Fund	2003 Capital Fund	Bonus 2003 Capital Fund
Funds approved	\$ 94,895	\$ 75,322	15,909
Funds expended	<u>92,378</u>	<u>56,636</u>	<u>8,790</u>
Excess of funds approved	<u>\$ 2,517</u>	<u>\$ 18,686</u>	<u>7,119</u>
Funds advanced	\$ 91,513	\$ 51,665	8,790
Funds expended	<u>92,378</u>	<u>56,635</u>	<u>8,790</u>
Excess of funds advanced	<u>\$ (865)</u>	<u>\$ (4,970)</u>	<u>0</u>

HOUSING AUTHORITY OF LAKE ARTHUR  
STATEMENT OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2004

FEDERAL GRANTOR PROGRAM TITLE	<u>CDFA NO.</u>	<u>PROGRAM EXPENDITURES</u>
<i>U. S. Department of Housing and Urban Development Direct Programs:</i>		
Low-Income Housing Operating Subsidy	14.850	<u>90,898</u>
Public Housing Capital Fund	14.872	<u>89,443</u>
Total United States Department of Housing and Urban Development	\$	<u>180,341</u>
Total Expenditures of Federal Awards	\$	<u>180,341</u>

HOUSING AUTHORITY OF LAKE ARTHUR  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2004

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

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

**NOTE 3 – RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS** Federal awards revenues are reported in the Housing Authority’s general-purpose financial statements as follows:

		Federal Sources
Enterprise funds:		
Public Housing	\$	90,898
Capital Fund		89,443
Total	\$	180,341

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

**NOTE 5 – FEDERAL AWARDS PROGRAMS** For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, “federal awards” do not include Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of Housing Authority bonds or for Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit Act “federal awards expended” threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be “expended” during the fiscal year.

**MIKE ESTES, P.C.**  
A PROFESSIONAL ACCOUNTING CORPORATION  
4200 AIRPORT FREEWAY – SUITE 100  
FORT WORTH, TEXAS 76117

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(817) 831-3553  
METRO (817) 654-4063  
FAX (817) 831-3560  
e-mail: mestespc@swbell.net

MEMBER  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

MIKE ESTES, CPA

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Board of Commissioners  
Housing Authority of Lake Arthur  
Lake Arthur, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Housing Authority of Lake Arthur, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about compliance with certain laws and regulations during the year ended September 30, 2004 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

***Public Bid Law***

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There was one expenditure made during the year for materials and supplies that required bid procedures. It was for \$8,790.00. We examined documentation which indicated proper bid procedures were followed for this expenditure.

***Code of Ethics for Public Officials and Public Employees***

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

### ***Budgeting***

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on July 14, 2003 which indicated that the budget had been adopted by the commissioners by unanimous consensus. No amendments were made to the budget during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

### ***Accounting and Reporting***

8. Randomly select a minimum of 6 disbursements made during the period under examination and:

- a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the forty-nine selected disbursements (excluding payroll that was also reviewed) and found that payment was for the proper amount and made to the correct payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

- c) determine whether payments received approval from proper authorities.

Inspection documentation supporting each of the forty-nine selected disbursements indicated approvals from the Executive Director and the chairman of the Board of Commissioners.

### ***Meetings***

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law). The PHA is publishing the proceedings of its meetings in a local newspaper.

The Housing Authority of Lake Arthur is only required to post a notice of each meeting and the accompanying agenda on the door of the PHA's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

### ***Debt***

10. Examine bank deposits for the period under examination to determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or like indebtedness.

### ***Advances and Bonuses***

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances or gifts.

A reading of the minutes of the Authority for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances or gifts.

Our prior year report, dated March 15, 2004, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for use of management of the Housing Authority and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mike Estes, P. C.  
Fort Worth, Texas  
February 16, 2005

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**

February 16, 2005 (Date Transmitted)

\_\_\_\_\_  
Mike Estes, P.C.  
\_\_\_\_\_  
4200 Airport Freeway #100  
\_\_\_\_\_  
Fort Worth, Texas 76117 (Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of February 16, 2005.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [ X ] No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LAS-RS 42:1101-1124.

Yes [ X ] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [ X ] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [ X ] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31 and 44:36.

Yes [ X ] No [ ]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [ X ] No [ ]



We have had our financial statements audited or compiled in accordance with LAS-RS 24:513.

Yes [ X ] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [ X ] No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [ X ] No [ ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [ X ] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Mitcheil [Signature] Executive Director 2-17-05 Date

HOUSING AUTHORITY OF LAKE ARTHUR  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2004

Prior Audit Findings

None

Current Findings

None