

HOUSING AUTHORITY OF PATTERSON
REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED JUNE 30, 2006

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 11-29-06

Mike Estes, P.C.
A Professional Accounting Corporation

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Independent Auditor's Report

Board of Commissioners
Housing Authority of Patterson
Patterson, Louisiana

We have audited the accompanying financial statements of the major fund of the Housing Authority of Patterson, Louisiana as of and for the year ended June 30, 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of Patterson, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Housing Authority of Patterson, Louisiana, as of June 30, 2006, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2006, on our consideration of the Housing Authority of Patterson, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Patterson, Louisiana's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Housing Authority of Patterson, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedules required by HUD and other accompanying information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Estes, P.C.
Fort Worth, Texas
November 15, 2006

Housing Authority of the Town of Patterson
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2006

The management of the Housing Authority of the Town of Patterson offers readers of our financial statements the following narrative overview and analysis of our financial activities for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the Town of Patterson, P. O. Box 10, Patterson, Louisiana 70392.

Financial Highlights

- The assets of the Authority exceeded its liabilities as of June 30, 2006 by \$1,703,917 (net assets). This represents a decrease of 3 percent in net assets from the previous fiscal year.
- The Authority's cash and cash equivalent balance and investments as of June 30, 2006 was \$293,133.
- The Authority had intergovernmental revenue of \$231,128 in HUD operating subsidies, \$1,988 in operating grants, and \$45,220 in capital grants for the year ended June 30, 2006.

Overview of Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Assets – reports the Authority's assets and liabilities at the end of the operating year and provides information about the nature and amounts of investment of resources and obligations to creditors.
- Statement of Revenue, Expenses, and Changes in Net Assets – reports the results of activity over the course of the current year. It details the costs associated with operating the Authority and how those costs were funded. It also provides an explanation of the change in net assets from the previous operating period to the current operating period.
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.
- Other information in addition to the basic financial statements and accompanying notes - presents certain supplementary information regarding the Authority's electronic data submitted to HUD REAC.

As we begin our analysis of the Authority as a whole, the most important question to ask about the Authority's finances is, "Is the Authority, as a whole, better or worse off as a result of the year's activities?"

Housing Authority of the Town of Patterson
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2006

The attached analysis of entity wide net assets, revenue, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net assets and changes in them. You can think of the Authority's net assets as the difference between what the Authority owns (assets) and what the Authority owes (liabilities). The change in net assets analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

One other consideration found to be important in this year's analysis is natural disaster, such as the Town of Patterson and the State of Louisiana experienced with Hurricane Katrina in August of 2005. Katrina wreaked havoc on much of southeast Louisiana, damaging property in catastrophic proportions and afflicting individuals and families throughout the region.

Continued on next page

Housing Authority of the Town of Patterson
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2006

Housing Authority of Patterson - Net Assets

| | <u>2006</u> | <u>2005</u> |
|--------------------------------------|---------------------|---------------------|
| Current assets | \$ 333,041 | \$ 323,751 |
| Capital assets (net of depreciation) | 1,417,247 | 1,491,532 |
| Total assets | <u>1,750,288</u> | <u>1,815,283</u> |
| Current liabilities | 38,129 | 41,573 |
| Long-term liabilities | 8,242 | 8,109 |
| Total Liabilities | <u>46,371</u> | <u>49,682</u> |
| Invested in capital assets (net) | 1,417,247 | 1,491,532 |
| Unrestricted Net Assets | 286,670 | 274,069 |
| Total Net Assets | <u>1,703,917</u> | <u>1,765,601</u> |
| Total Liabilities and Net Assets | \$ <u>1,750,288</u> | \$ <u>1,815,283</u> |

Total Assets as of June 30, 2005 and 2006, respectively, were \$1,815,283 and \$1,750,288. This represents an overall 4% percent net decrease of \$64,995. This change is due to the function of current depreciation exceeding capital outlays.

Current Assets increased by \$9,290. Current assets were affected by the increased funds placed in unrestricted cash and cash investments during the year totaling \$3,993. Funds were also used for the prepayment of insurance expenses, representing an increase of \$4,136 over 2005 prepaid expenses. Rising insurance rates throughout the area can be attributed to the higher premiums, which are paid in annual increments.

Net Capital Assets experienced a decrease of \$74,285 or 5%. Although the Authority invested \$45,221 in capital outlays from grants received through the Capital Fund Program, current depreciation expenses lowered the value of net capital assets by \$119,506. So, the decrease in net capital assets is the function of current depreciation exceeding capital outlays.

Current Liabilities decreased \$3,444 or by 9%. While amounts outstanding at year-end in accounts payable actually increased by \$2,780 in 2006, the total due for government accounts payable decreased \$9,139. Taxes due to the Town of Patterson for the current fiscal year are ordinarily recorded as a liability in the same year that they are incurred and then paid in the following fiscal year. However, the Authority disbursed almost twice as much during 2006 for both 2004 and 2005 PILOT liability.

Net Assets – The difference between an organization's assets and its liabilities is its net assets. Net assets are categorized as one of three types.

Housing Authority of the Town of Patterson
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2006

1. **Invested in capital assets, net of related debt** – Capital assets, net of accumulated depreciation and reduced by debt attributable to the acquisition of those assets;
2. **Restricted** – net assets whose use is subject to constraints imposed by law or agreement;
3. **Unrestricted** – net assets that are neither invested in capital assets nor restricted.

At June 30, 2006, the Authority had \$1,703,917 invested in total net assets. Of this amount, \$286,670 may be used to meet the Authority's ongoing expenses and obligations. The remainder of \$1,417,247 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment and construction in progress.

Housing Authority of Patterson - Changes in Net Assets

| | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|
| OPERATING REVENUES | | |
| Dwelling rental | \$ 175,951 | \$ 167,615 |
| Other | 13,116 | 9,326 |
| Total Operating Revenues | <u>189,067</u> | <u>176,941</u> |
| OPERATING EXPENSES | | |
| Administration | 118,564 | 107,775 |
| Utilities | 100,248 | 86,535 |
| Ordinary maintenance & operations | 136,835 | 128,474 |
| General expenses | 54,737 | 54,745 |
| Depreciation | 119,506 | 94,267 |
| Extraordinary maintenance | 1,706 | 0 |
| Total Operating Expenses | <u>531,596</u> | <u>471,796</u> |
| Income (loss) from Operations | <u>(342,529)</u> | <u>(294,855)</u> |
| Non Operating Revenues (Expenses) | | |
| Interest earnings | 2,509 | 2,735 |
| Federal grants | 233,116 | 223,197 |
| Insurance proceeds | 0 | 50,065 |
| Casualty losses – non-capitalized | 0 | (61,190) |
| Total Non-Operating Revenues (Expenses) | <u>235,625</u> | <u>214,807</u> |
| Income (loss) before contribution | <u>(106,904)</u> | <u>(80,048)</u> |
| Capital Contribution | <u>45,220</u> | <u>359,892</u> |
| Change in net assets | <u>(61,684)</u> | <u>279,844</u> |
| Total net assets - beginning | <u>1,765,601</u> | <u>1,485,757</u> |
| Total net assets - ending | <u>\$ 1,703,917</u> | <u>\$ 1,765,601</u> |

Housing Authority of the Town of Patterson
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2006

Total Revenues and capital grants for the year ended 2006 and 2005 were \$469,912 and \$751,640, respectively. The Authority has two basic sources of revenues. The main source of revenue is from the Department of Housing and Urban Development (HUD) in the form of operating subsidies and capital improvement grants. The secondary source of revenue is supplied by dwelling rents and other tenant charges.

Comparatively, 2006 total revenue was less than 2005 revenue by \$281,728. This change was primarily due to a decrease in HUD capital improvement grants. Each year, the Capital Fund Program grants and expenditures fluctuate due to changes and the nature of the programs. During 2005, the Authority received \$359,892 to complete architect plans for new roofs, as well as plans for a new storage building and unit window replacements. Capital grants were also used to pay contractors for a re-roofing project begun on all of the units, building the storage unit, repairing the main sewer lines and turnaround costs for five units. Additionally, the Authority had purchased a new truck in 2005. In 2006, \$45,220 in Capital grants was used to complete the re-roofing project begun in 2005 and for architect fees and plans for window replacements and interior work on six units.

Operating subsidies received from HUD increased \$10,951 in 2006. The determination of operating subsidy changes each year due in part to fluctuations in the Authority's performance from operations and also from changes in the complex formula used by HUD to derive the total available funds.

Dwelling rent was up \$8,336 compared to 2005 although the percentage of units occupied was basically unchanged. This increase can be attributed to changes brought about by Hurricane Katrina. Many new tenants that came to the Authority in 2006 seeking places to live after being displaced by Katrina had higher personal income levels than other tenants in the area. Since tenant rent is based on a sliding scale of their income, rent revenue increased accordingly, along with increases in other tenant charges and tenant security deposits as well.

A significant decrease of \$50,065 occurred in total miscellaneous revenue received in 2006. In 2005, insurance proceeds totaling \$50,065 were collected for casualty losses. The Authority expended \$61,190 in 2005 in regards to casualty losses. In 2006, although the Authority experienced falling tree and wind damage to roofs from Hurricane Katrina, no insurance proceeds were received.

Total Operating Expenses increased by \$59,800 in 2006.

General and administrative expenditures increased by \$10,789 in 2006. Other operating administrative expenses increased by \$5,872.

Repairs and maintenance cost increases in wages and materials were offset by a decrease in contract costs. The Authority hired a new employee in 2006 and also paid overtime wages to help prepare units for leasing after Hurricane Katrina and for continuing unit turnaround work instead of hiring outside contract labor.

Housing Authority of the Town of Patterson
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2006

Capital Assets

Capital assets. The Housing Authority of the Town of Patterson's investment in capital assets as of June 30, 2006, amounts to \$1,417,247 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment. The total decrease in the Authority's investment in capital assets for the current operating year was 5 percent.

Additional capital asset purchases were only made through CFP funds as described on page 6.

Housing Authority of the Town of Patterson's Capital Assets

| | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|
| Land | \$ 166,104 | \$ 166,104 |
| Buildings and improvements | 1,208,532 | 1,279,441 |
| Furniture and equipment | <u>42,611</u> | <u>45,987</u> |
| Total Capital Assets, net of depreciation | \$ <u>1,417,247</u> | \$ <u>1,491,532</u> |

The Authority primarily acquires its assets with the proceeds from federal capital grants. There are no commitments on approved capital asset construction projects at the present time.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development,
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore tenant rental income,
- Mortgage offers of low interest rates with no money down as incentive for tenants to purchase new homes,
- Inflationary pressure on utility rates, insurance, supplies and other costs.

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 Ms. Susan Mendoza, Executive Director, at Public Housing Authority of Patterson, Louisiana; P.O. Box 10; Patterson, LA 70392.

EXHIBIT A

HOUSING AUTHORITY OF PATTERSON
 ENTERPRISE FUNDS - BALANCE SHEET
 JUNE 30, 2006

| | | <u>General</u> |
|---|----|------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ | 103,684 |
| Investments | | 175,506 |
| Accounts receivable net | | 1,508 |
| Prepaid items and other assets | | 34,496 |
| Inventory | | 3,904 |
| Restricted assets – cash and cash equivalents | | 13,943 |
| Total Current Assets | | <u>333,041</u> |
| Capital Assets, net | | |
| Land | | 166,104 |
| Buildings, and equipment (net) | | 1,251,143 |
| Total Capital Assets, net | | <u>1,417,247</u> |
| Total Assets | \$ | <u>1,750,288</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ | 11,829 |
| Deferred revenue | | 1,116 |
| Compensated absences payable | | 2,997 |
| Accrued PILOT | | 8,244 |
| Deposits due others | | 13,943 |
| Total Current Liabilities | | <u>38,129</u> |
| Noncurrent Liabilities | | |
| Compensated absences payable | | 8,242 |
| Total Liabilities | | <u>46,371</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | | 1,417,247 |
| Unrestricted | | 286,670 |
| Net Assets | | <u>1,703,917</u> |
| Total Liabilities and Net Assets | \$ | <u>1,750,288</u> |

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

EXHIBIT B

HOUSING AUTHORITY OF PATTERSON
 ENTERPRISE FUNDS – STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN FUND NET ASSETS
 YEAR ENDED JUNE 30, 2006

| | 2006 |
|--|--------------|
| OPERATING REVENUES | |
| Dwelling rental | \$ 175,951 |
| Other | 13,116 |
| Total Operating Revenues | 189,067 |
| OPERATING EXPENSES | |
| Administration | 118,564 |
| Utilities | 100,248 |
| Ordinary maintenance & operations | 136,835 |
| General expenses | 54,737 |
| Depreciation | 119,506 |
| Extraordinary maintenance | 1,706 |
| Total Operating Expenses | 531,596 |
| Income (loss) from Operations | (342,529) |
| Non Operating Revenues (Expenses) | |
| Interest earnings | 2,509 |
| Federal grants | 233,116 |
| Total Non-Operating Revenues (Expenses) | 235,625 |
| Income (loss) before contribution | (106,904) |
| Capital Contribution | 45,220 |
| Change in net assets | (61,684) |
| Total net assets - beginning | 1,765,601 |
| Total net assets - ending | \$ 1,703,917 |

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

HOUSING AUTHORITY OF PATTERSON
 ENTERPRISE FUNDS – STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2006

| | General |
|---|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Rental receipts | \$ 175,390 |
| Other receipts | 14,867 |
| Payments to vendors | (266,368) |
| Payments to employees – net | (156,789) |
| | (232,900) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Federal grants | 235,396 |
| | 235,396 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchase of capital assets | (45,220) |
| Federal Capital Grants | 45,220 |
| | 0 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest income | 3,248 |
| Purchase of investments | (3,218) |
| | 30 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 2,526 |
| CASH AND CASH EQUIVALENTS | |
| Beginning of Fiscal Year | 115,101 |
| CASH AND CASH EQUIVALENTS | |
| End of Fiscal Year | \$ 117,627 |

Continued

EXHIBIT C

HOUSING AUTHORITY OF PATTERSON
 ENTERPRISE FUNDS – STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2006

| | General |
|--|--------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Operating income (loss) | \$ (342,529) |
| Adjustment to reconcile operating income (loss) to net cash provided by operating activities: | |
| Depreciation Expense | 119,506 |
| Provision of uncollectible accounts | 20 |
| Change in assets and liabilities: | |
| Receivables | (581) |
| Due from other funds | (2,280) |
| Inventories | 411 |
| Prepaid items | (4,136) |
| Account payables | (5,778) |
| Accrued expenses | 187 |
| Due to other funds | 2,280 |
| Net cash provided (used) by operations | \$ (232,900) |

Concluded

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

HOUSING AUTHORITY OF PATTERSON
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

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HOUSING AUTHORITY OF PATTERSON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of Patterson 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 Patterson, serve staggered multi-year terms.

The Housing Authority has the following units:

| | | |
|-------------------|---------|-----|
| PHA Owned Housing | FW 1426 | 104 |
|-------------------|---------|-----|

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 Patterson since the Town of Patterson appoints a voting majority of Housing Authority's governing board. The Town of Patterson 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 Patterson. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Patterson.

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 criteria 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 PATTERSON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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 30, 1989.

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

HOUSING AUTHORITY OF PATTERSON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, 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 to L.S.-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 market rates, are reported using a cost-based measure.

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

Definitions:

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

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

F. 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.

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

HOUSING AUTHORITY OF PATTERSON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006

H. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$5,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

| | |
|-------------------------|----------|
| Site improvements | 10 years |
| Buildings | 20 years |
| Building improvements | 10 years |
| Furniture and equipment | 5 years |

I. 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.

J. 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.

K. 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.

L. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial 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.

HOUSING AUTHORITY OF PATTERSON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at June 30, 2006. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority investments are in Certificates of Deposits, which do not have credit ratings. However, the Housing Authority's policy does not address credit rate risk.

Custodial Credit Risk-Deposits: In the case of deposits, this is the risk that in the event of a bank failure the government's deposits may not be returned to it. \$100,000 of the Authority's total deposits and investments were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$232,415 of deposits and investments are exposed to custodial credit risk because this balance is uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Housing Authority's name. Even though the pledge securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon request.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at June 30, 2006, are as follows:

| <u>Class of Receivables</u> | <u>General</u> |
|-----------------------------|-----------------|
| Local sources: | |
| Tenants | \$ <u>1,508</u> |
| Total | \$ <u>1,508</u> |

The tenants account receivable is net of an allowance for doubtful accounts of \$118.

HOUSING AUTHORITY OF PATTERSON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006

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

| | Balance 6/30/05 | Additions | Deletions | Balance 6/30/06 |
|--------------------------------|---------------------|------------------|-------------|---------------------|
| Land | \$ 166,104 | \$ 0 | \$ 0 | \$ 166,104 |
| Buildings | 4,325,081 | 45,221 | 0 | 4,370,302 |
| Furniture and equipment | 47,504 | 0 | 0 | 47,504 |
| Construction in progress | 0 | 0 | 0 | 0 |
| Total | <u>4,538,689</u> | <u>45,221</u> | <u>0</u> | <u>4,583,910</u> |
| Less: accumulated depreciation | | | | |
| Buildings | 3,045,640 | 116,130 | 0 | 3,161,770 |
| Furniture and equipment | 1,517 | 3,376 | 0 | 4,893 |
| Total | <u>3,047,157</u> | <u>119,506</u> | <u>0</u> | <u>3,166,663</u> |
| Fixed assets, net | <u>\$ 1,491,532</u> | <u>\$ 74,285</u> | <u>\$ 0</u> | <u>\$ 1,417,247</u> |

NOTE 5 – RETIREMENT SYSTEM The Housing Authority participates in the Louisiana Housing Council Group Retirement Plan, administered by Broussard, Bush & Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. 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 equal to 10% percent of each participant's basic (excludes overtime) compensation. This payment represents a 4% contribution by the employee, and a 6% contribution by the Housing Authority.

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 65th birthday or after 10 years of participation in the plan.

The Housing Authority made the required contributions of \$11,644 for the year ended June 30, 2006, of which \$7,287 was paid by the Housing Authority and \$4,357 was paid by employees. No payments were made out of the forfeiture account.

HOUSING AUTHORITY OF PATTERSON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006

NOTE 6 – ACCOUNTS PAYABLE The payables at June 30, 2006 are as follows:

| | | General |
|--|----|---------|
| Vendors | \$ | 9,034 |
| Payroll taxes & Retirement withheld | | 515 |
| Federal sources: Grants | | 2,280 |
| Total | \$ | 11,829 |

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 federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of 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 June 30, 2006. 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 – COMPENSATED ABSENCES At June 30, 2006, employees of the Housing Authority have accumulated and vested \$11,239 of employee leave computed in accordance with GASB, Codification Section C60.

HOUSING AUTHORITY OF PATTERSON
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2006

NOTE 9 – LONG – TERM OBLIGATIONS The following is a summary of the long – term obligation transactions for the year ended June 30, 2006.

| | | <u>Compensated Absences</u> |
|-------------------------|----|---------------------------------|
| Balance, beginning | \$ | 11,058 |
| Additions | | 181 |
| Deductions | | <u>0</u> |
| Balance, ending | | <u>11,239</u> |
| Amounts due in one year | \$ | <u>2,997</u> |

NOTE 10 – INTERPROGRAM TRANSFERS Interprogram transfers for the year June 30, 2006 consists of the following:

| <u>Transfer To</u> | <u>Transfer From</u> |
|--------------------|----------------------|
| Low Rent | Capital Funding |

The Capital Fund grant provisions allowed the PHA to transfer \$205,760 to the Low Rent program to of net capital costs on closed capital grants.

NOTE 11 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$278,336 to the Housing Authority, which represents approximately 59% of the Housing Authority’s total revenue and capital contributions for the year.

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

Housing Authority of Patterson
Patterson, Louisiana

We have audited the financial statements of the major fund of the Housing Authority of Patterson, Louisiana as of and for the year ended June 30, 2006, which collectively comprise the Housing Authority of Patterson, Louisiana's basic financial statements and have issued our report thereon dated November 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Housing Authority of Patterson in a separate letter dated November 15, 2006.

This report is intended solely for the information and use of management, federal awarding agencies, the Louisiana Legislative Auditor, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Mike Estes, P. C.
Fort Worth, Texas
November 15, 2006

HOUSING AUTHORITY OF PATTERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2006

Section I – Summary of the Auditor’s Results

Financial Statement Audit

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

HOUSING AUTHORITY OF PATTERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2006

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

None

HOUSING AUTHORITY OF PATTERSON
SCHEDULE OF MANAGEMENT LETTER ITEMS

YEAR ENDED JUNE 30, 2006

To Management and the Board of Commissioners:

In planning and performing our audit of the financial statements of the Housing Authority of Patterson for the year ended March 31, 2006, we considered the Authority's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum contained in this letter summarizes our comments and suggestions regarding those matters. (We have also reported on the Authority's internal control in our report dated November 15, 2006.) This letter does not affect our report dated November 15, 2006 on the financial statements of the Housing Authority of Patterson.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

Our recommendations are as follows:

06 MI – Timely Unaudited Financial Statements Needed

We noted four checks dated on the last day of the fiscal year, June 30, 2006, that were not included in the general ledger's transactions for the fiscal year ended June 30, 2006. Three of the checks cleared in July 2006. The other cleared in August 2006. They were not listed as outstanding on the June 30, 2006 bank reconciliation.

These four payments total \$875 and they were paid to regular payees.

The fee accountant claims they did not receive the July accounting, which included the above disbursements, until October 3, 2006. The fee accountant had already closed the June 30, 2006 general ledger, and prepared the year-end, unaudited statements.

The Authority needs to ensure that the complete month's accounting information is sent timely to the fee accountant. Presently, the Authority does not appear to receive and review unaudited financial statements on a timely basis.

If July and August 2005 accounting information had been timely compiled, the accounting misclassification noted in the first paragraph, involving four disbursements, should have been timely detected.

This is the third consecutive year we have made this recommendation.

HOUSING AUTHORITY OF PATTERSON
SCHEDULE OF MANAGEMENT LETTER ITEMS

YEAR ENDED JUNE 30, 2006

06 M2 – Improved Documentation of Tenant Receipts Collection

It appears that both the Executive Director and the clerk are involved in collection and recording of tenant rents. I have reviewed a checklist with both. If this checklist is signed or initiated by the preparer of the five suggested quality control checks, documentation will be improved.

06 M2 and 06 M2 – Corrective Action Plan Response

I am Susan Mendoza, Executive Director and Designated Person to respond to these management letter recommendations. We will follow the auditor's recommendations. We will timely submit information to our fee accountant. We will timely obtain and review unaudited financial statements with the Board of Commissioners. We will also use the suggested quality control checklist to document collections from tenants.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF PATTERSON
 STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
 ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED JUNE 30, 2006

| | 2003 Capital Fund | Bonus 2003 Capital Fund |
|--------------------------|----------------------|-------------------------------|
| Funds approved | \$ 165,282 | \$ 34,909 |
| Funds expended | <u>165,282</u> | <u>34,909</u> |
| Excess of funds approved | <u>\$ 0</u> | <u>\$ 0</u> |
| | | |
| Funds advanced | \$ 165,282 | \$ 34,909 |
| Funds expended | <u>165,282</u> | <u>34,909</u> |
| Excess of funds advanced | <u>\$ 0</u> | <u>\$ 0</u> |

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statements of Modernization Costs, both dated May 11, 2006 accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF PATTERSON
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED JUNE 30, 2006

CASH BASIS

| | 2004 <u>Capital Fund</u> | 2005 <u>Capital Fund</u> |
|--------------------------|-----------------------------|-----------------------------|
| Funds approved | \$ 179,700 | \$ 22,000 |
| Funds expended | <u>13,500</u> | <u>7,500</u> |
| Excess of funds approved | \$ <u>166,200</u> | \$ <u>14,500</u> |
| | | |
| Funds advanced | \$ 13,500 | \$ 7,500 |
| Funds expended | <u>13,500</u> | <u>7,500</u> |
| Excess of funds advanced | \$ <u>0</u> | \$ <u>0</u> |

See accountants' report

HOUSING AUTHORITY OF PATTERSON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

| FEDERAL GRANTOR PROGRAM TITLE | <u>CDFA NO.</u> | <u>PROGRAM EXPENDITURES</u> |
|---|---------------------|---------------------------------|
| U. S. Department of Housing and Urban Development Direct Programs: | | |
| Low-Income Housing Operating Subsidy | 14.850 | <u>231,128</u> |
| Public Housing Capital Fund | 14.872 | <u>47,208</u> |
| Total United States Department of Housing and Urban Development | \$ | <u>278,336</u> |
| Total Expenditures of Federal Awards | \$ | <u>278,336</u> |

HOUSING AUTHORITY OF PATTERSON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

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

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

| | <u>Federal Sources</u> |
|---------|------------------------|
| General | \$ 278,336 |
| Total | \$ <u>278,336</u> |

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.

HOUSING AUTHORITY OF PATTERSON
FINANCIAL DATA SCHEDULE

YEAR ENDED JUNE 30, 2006

PHA: LA070 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|--|-------------------------|-------------------------------------|--------------|
| 111 | Cash - Unrestricted | \$103,684 | \$0 | \$103,684 |
| 114 | Cash - Tenant Security Deposits | \$13,943 | \$0 | \$13,943 |
| 100 | Total Cash | \$117,627 | \$0 | \$117,627 |
| 125 | Accounts Receivable - Miscellaneous | \$449 | \$0 | \$449 |
| 126 | Accounts Receivable - Tenants - Dwelling Rents | \$1,177 | \$0 | \$1,177 |
| 126.1 | Allowance for Doubtful Accounts - Dwelling Rents | \$-118 | \$0 | \$-118 |
| 126.2 | Allowance for Doubtful Accounts - Other | \$0 | \$0 | \$0 |
| 120 | Total Receivables, net of allowances for doubtful accounts | \$1,508 | \$0 | \$1,508 |
| 131 | Investments - Unrestricted | \$175,508 | \$0 | \$175,508 |
| 142 | Prepaid Expenses and Other Assets | \$34,496 | \$0 | \$34,496 |
| 143 | Inventories | \$4,659 | \$0 | \$4,659 |
| 143.1 | Allowance for Obsolete Inventories | \$-755 | \$0 | \$-755 |
| 144 | Interprogram Due From | \$0 | \$2,280 | \$2,280 |
| 150 | Total Current Assets | \$333,041 | \$2,280 | \$335,321 |
| 161 | Land | \$166,104 | \$0 | \$166,104 |
| 162 | Buildings | \$3,473,270 | \$196,922 | \$3,670,192 |
| 164 | Furniture, Equipment & Machinery - Administration | \$30,220 | \$17,284 | \$47,504 |
| 165 | Leasehold Improvements | \$696,280 | \$3,830 | \$700,110 |
| 166 | Accumulated Depreciation | \$-3,160,290 | \$-6,373 | \$-3,166,663 |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | \$1,205,584 | \$211,663 | \$1,417,247 |
| 180 | Total Non-Current Assets | \$1,205,584 | \$211,663 | \$1,417,247 |
| 190 | Total Assets | \$1,538,625 | \$213,943 | \$1,752,568 |

PHA: LA070 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|---|-------------------------|-------------------------------------|-------------|
| 312 | Accounts Payable <= 90 Days | \$9,034 | \$0 | \$9,034 |
| 321 | Accrued Wage/Payroll Taxes Payable | \$515 | \$0 | \$515 |
| 322 | Accrued Compensated Absences - Current Portion | \$2,997 | \$0 | \$2,997 |
| 331 | Accounts Payable - HUD PHA Programs | \$0 | \$2,280 | \$2,280 |
| 333 | Accounts Payable - Other Government | \$8,244 | \$0 | \$8,244 |
| 341 | Tenant Security Deposits | \$13,943 | \$0 | \$13,943 |
| 346 | Accrued Liabilities - Other | \$1,116 | \$0 | \$1,116 |
| 347 | Interprogram Due To | \$2,280 | \$0 | \$2,280 |
| 310 | Total Current Liabilities | \$38,129 | \$2,280 | \$40,409 |
| 354 | Accrued Compensated Absences - Non Current | \$8,242 | \$0 | \$8,242 |
| 350 | Total Noncurrent Liabilities | \$8,242 | \$0 | \$8,242 |
| 300 | Total Liabilities | \$46,371 | \$2,280 | \$48,651 |
| 508 | Total Contributed Capital | \$0 | \$0 | \$0 |
| 508.1 | Invested in Capital Assets, Net of Related Debt | \$1,205,584 | \$211,663 | \$1,417,247 |
| 511 | Total Reserved Fund Balance | \$0 | \$0 | \$0 |
| 511.1 | Restricted Net Assets | \$0 | \$0 | \$0 |
| 512.1 | Unrestricted Net Assets | \$286,670 | \$0 | \$286,670 |
| 513 | Total Equity/Net Assets | \$1,492,254 | \$211,663 | \$1,703,917 |
| 600 | Total Liabilities and Equity/Net Assets | \$1,538,625 | \$213,943 | \$1,752,568 |

**HOUSING AUTHORITY OF PATTERSON
FINANCIAL DATA SCHEDULE**

YEAR ENDED JUNE 30, 2006

PHA: LA070 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|----------------------------------|-------------------------|-------------------------------------|-----------|
| 703 | Net Tenant Rental Revenue | \$175,951 | \$0 | \$175,951 |
| 704 | Tenant Revenue - Other | \$6,735 | \$0 | \$6,735 |
| 705 | Total Tenant Revenue | \$182,686 | \$0 | \$182,686 |
| 706 | HUD PHA Operating Grants | \$231,128 | \$1,988 | \$233,116 |
| 706.1 | Capital Grants | \$0 | \$45,220 | \$45,220 |
| 711 | Investment Income - Unrestricted | \$2,509 | \$0 | \$2,509 |
| 714 | Fraud Recovery | \$399 | \$0 | \$399 |
| 715 | Other Revenue | \$5,982 | \$0 | \$5,982 |
| 700 | Total Revenue | \$422,704 | \$47,208 | \$469,912 |

PHA: LA070 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|--|-------------------------|-------------------------------------|-----------|
| 911 | Administrative Salaries | \$61,582 | \$0 | \$61,582 |
| 912 | Auditing Fees | \$7,630 | \$0 | \$7,630 |
| 914 | Compensated Absences | \$181 | \$0 | \$181 |
| 915 | Employee Benefit Contributions - Administrative | \$21,066 | \$0 | \$21,066 |
| 916 | Other Operating - Administrative | \$26,117 | \$1,988 | \$28,105 |
| 931 | Water | \$20,596 | \$0 | \$20,596 |
| 932 | Electricity | \$9,374 | \$0 | \$9,374 |
| 933 | Gas | \$51,188 | \$0 | \$51,188 |
| 938 | Other Utilities Expense | \$19,090 | \$0 | \$19,090 |
| 941 | Ordinary Maintenance and Operations - Labor | \$57,677 | \$0 | \$57,677 |
| 942 | Ordinary Maintenance and Operations - Materials and Other | \$33,399 | \$0 | \$33,399 |
| 943 | Ordinary Maintenance and Operations - Contract Costs | \$29,289 | \$0 | \$29,289 |
| 945 | Employee Benefit Contributions - Ordinary Maintenance | \$16,470 | \$0 | \$16,470 |
| 961 | Insurance Premiums | \$47,257 | \$0 | \$47,257 |
| 963 | Payments in Lieu of Taxes | \$7,928 | \$0 | \$7,928 |
| 964 | Bad Debt - Tenant Rents | \$-448 | \$0 | \$-448 |
| 969 | Total Operating Expenses | \$408,396 | \$1,988 | \$410,384 |
| 970 | Excess Operating Revenue over Operating Expenses | \$14,308 | \$45,220 | \$59,528 |
| 972 | Casualty Losses - Non-Capitalized | \$1,706 | \$0 | \$1,706 |
| 974 | Depreciation Expense | \$113,133 | \$6,373 | \$119,506 |
| 900 | Total Expenses | \$523,235 | \$8,361 | \$531,596 |
| 1010 | Total Other Financing Sources (Uses) | \$0 | \$0 | \$0 |
| 1000 | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$-100,531 | \$38,847 | \$-61,684 |

PHA: LA070 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|---|-------------------------|-------------------------------------|-------------|
| 1102 | Debt Principal Payments - Enterprise Funds | \$0 | \$0 | \$0 |
| 1103 | Beginning Equity | \$1,387,025 | \$378,576 | \$1,765,601 |
| 1104 | Prior Period Adjustments, Equity Transfers and Correction of Errors | \$205,760 | \$-205,760 | \$0 |
| 1120 | Unit Months Available | 1,264 | 0 | 1,264 |
| 1121 | Number of Unit Months Leased | 1,030 | 0 | 1,030 |