

Housing Authority of the Town of Colfax
Colfax, Louisiana

Statement of Income and Expenses - Statutory Basis
Certificate Housing Program
Year Ended March 31, 1996

Annual Contributions Contract FW-2121

| | |
|---|-------------------------|
| Operating income | |
| Interest on operating reserve investments | \$ 144.67 |
| Interest on general fund investments | 272.63 |
| Total operating income | <u>\$ 417.30</u> |
| Operating expenses | |
| Housing assistance payments | \$ 110,365.00 |
| Administrative expenses | 14,216.75 |
| General expenses | 1,292.96 |
| Total operating expenses | <u>\$ 125,874.71</u> |
| Net Loss | <u>\$ (125,457.41)</u> |

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

Independent Auditors' Report on Compliance with Specific Requirements
Applicable to Major HUD Programs

Board of Commissioners
Housing Authority of the Town of Colfax
300 Park Lane
Colfax, LA 71417

We have audited the general purpose and combining financial statements of Housing Authority of the Town of Colfax as of and for the year ended March 31, 1996, and have issued our report thereon dated September 10, 1996.

We have also audited Housing Authority of the Town of Colfax compliance with the specific program requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; and claims for advances and reimbursements that are applicable to each of its major HUD-assisted programs, for the year ended March 31, 1996. The management of Housing Authority of the Town of Colfax is responsible for the authority's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, "Audits of State and Local Governments" and the provisions of the Public and Indian Housing Compliance Supplement dated May 29, 1996. Those standards and the OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings and questioned costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Housing Authority of the Town of Colfax complied, in all material respects, with the requirements described above that are applicable to each of its HUD-assisted programs for the year ended March 31, 1996.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.

September 10, 1996

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Housing Authority of the Town of Colfax
Colfax, Louisiana

Independent Auditors' General Comments
March 31, 1996

1. The PHA administers the following programs: 90 units of public housing, 80 units of certificate housing, and a CIAP program.
2. The prior audit contained one finding:

| <u>Finding</u> | <u>Resolution</u> |
|----------------|-------------------------------|
| Tenant files. | See current audit finding #2. |

Housing Authority of the Town of Colfax
Colfax, Louisiana

Independent Auditors' Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended March 31, 1996

Questioned
Costs

3. PHMAP ASSESSMENT FACTORS (CONTINUED)

\$.00

Recommendation

Review the requirements of HUD Notice PIH 96-32 and comply with its directives.

Reply

We have made steps to correct items identified in the HUD monitoring review for PHMAP. This item was inadvertently reported incorrectly. As you noted, HQS inspections were made after March 31, 1996.

4. CIAP ACCOUNTING

.00

Finding

The PHA's general ledger and subsidiary records for CIAP LA-48-P122-904 and LA-48-P122-903 are not in agreement to the HUD 53001 and its related attachments detailing costs by detailed line items. Audit adjustment #1 was made to the control account based on audit review of the PHA expenditures. No detail on individual budget items could be found with the PHA's submission of HUD 53001 for CIAP LA-48-P122-902.

Recommendation

A monthly review should be made to compare all CIAP program costs per fee accountant with costs shown on PHA records. All individual line items for both current and closed CIAPs should be analyzed.

Reply

We will do so.

Housing Authority of the Town of Colfax
Colfax, Louisiana

Independent Auditors' Schedule of Findings and Questioned Costs
For the Year Ended March 31, 1996

| | <u>Questioned Costs</u> |
|--|-----------------------------|
| 1. EQUIPMENT RECORDS ARE INCOMPLETE | \$.00 |
| <p><u>Finding</u> For adequate internal accounting control over nonexpendable equipment, Low Rent Housing Handbook RHM 7510.1, Chapter 7, requires that the fixed asset accounts for nonexpendable equipment shall be supported by equipment records, and these detail records should balance to the accounts in the General Ledger property accounts.</p> <p>The detail property and equipment records in the subsidiary property ledger prepared by the PHA's fee accountant do not balance with the General Ledger.</p> <p><u>Recommendation</u> The detail equipment records should be prepared and brought into balance with the General Ledger. PHA Accounting Handbook explains HUD record keeping requirements for equipment.</p> <p><u>Reply</u> We will do so.</p> | |
| 2. TENANT FILES | .00 |
| <p><u>Finding</u> Based on five low rent housing files selected, we noted one file did not contain documentation to support the amount of tenant income used in calculating rent. Based on six certificate housing files selected, one file did not contain a housing certificate, two files did not appear to have properly documented rent reasonableness, one file lacked an HQS inspection with a "pass", one file had improper rent calculation, and two files did not contain adequate documentation relative to income.</p> <p><u>Recommendation</u> A thorough review of tenants' files should be made for the purpose of eliminating the deficiencies.</p> <p><u>Reply</u> We will do so.</p> | |
| 3. PHMAP ASSESSMENT FACTORS | .00 |
| <p><u>Finding</u> HUD Notice PIH 96-32 requires auditors to review several PHMAP indicators as reported to HUD with the supporting documentation. Our review of indicator 7, for the fiscal year ended March 31, 1996, indicated that the PHA did use HQS inspections, but these were performed subsequent to March 31, 1996.</p> | |

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the Board of Commissioners, management and U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

September 10, 1996

Van Rheeunen & Miller, Ltd.
VanRheeunen & Miller, Ltd.
Certified Public Accountants

Activity Cycles

- Treasury or financing
- Revenue/receipts
- Purchases/disbursements
- External financial reporting
- Payroll/personnel

General Requirements

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace
- Administrative requirements

Specific Requirements

- Types of services allowed or unallowed
- Eligibility
- Reporting
- Cost allocation

Claims for Advances and Reimbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended March 31, 1996, Housing Authority of the Town of Colfax expended 50 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the authority's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the authority's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Our study of the authority's internal control structure disclosed a reportable condition in internal controls relating to segregation of duties. Due to its limited size, the entity does not have the personnel to adequately separate the internal accounting control duties. The segregation of duties is a decision that must be made by management on a cost-benefit basis. Management must determine if the costs of implementing an adequate internal control system will outweigh the benefits derived from such a system. This reportable condition is inherent in all small entities, and should not be construed as a failure in proper management. We concur with management's opinion that the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Consequently, this should not be considered a controlled audit finding. Our study of the authority's internal control structure and its operation also disclosed reportable conditions relating to equipment records, tenant files, PHMAP assessment factors, and CIAP accounting which are described in the accompanying schedule of findings and questioned costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Independent Auditors' Report on the Internal Control Structure Used in
Administering Federal Financial Assistance Programs

Board of Commissioners
Housing Authority of the Town of Colfax
300 Park Lane
Colfax, LA 71417

We have audited the general purpose and combining financial statements of Housing Authority of the Town of Colfax for the year ended March 31, 1996, and have issued our report thereon dated September 10, 1996. We have also audited Housing Authority of the Town of Colfax's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated September 10, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose and combining financial statements are free of material misstatement and about whether Housing Authority of the Town of Colfax complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended March 31, 1996, we considered the authority's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the authority's general purpose and combining financial statements and on its compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose and combining financial statements in a separate report dated September 10, 1996.

The management of Housing Authority of the Town of Colfax is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose and combining financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose and combining 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

September 10, 1996

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

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**Housing Authority of the Town of Colfax
Colfax, Louisiana**

Financial Statements and Supplemental Financial Information
Year Ended March 31, 1996
with
Reports of Certified Public Accountants
on Financial and Compliance Examination

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 OCT 09 1996

VanRheenen & Miller, Ltd.
Certified Public Accountants
1309 East Race Avenue
Searcy, Arkansas 72143

Independent Auditors' Report on Compliance with Specific Requirements
Applicable to NonMajor Federal Financial Assistance Program Transactions

Board of Commissioners
Housing Authority of the Town of Colfax
300 Park Lane
Colfax, LA 71417

We have audited the general purpose and combining financial statements of Housing Authority of the Town of Colfax as of and for the year ended March 31, 1996, and have issued our report thereon dated September 10, 1996.

In connection with our audit of the general purpose and combining financial statements of Housing Authority of the Town of Colfax as of and for the year ended March 31, 1996, and with our consideration of the authority's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended March 31, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the authority's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Housing Authority of the Town of Colfax had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.

September 10, 1996

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Independent Auditors' Report on the Internal Control Structure Based on an Audit of General Purpose and Combining Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of the Town of Colfax
300 Park Lane
Colfax, LA 71417

We have audited the general purpose and combining financial statements of Housing Authority of the Town of Colfax as of and for the year ended March 31, 1996, and have issued our report thereon dated September 10, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose and combining financial statements are free of material misstatement.

The management of Housing Authority of the Town of Colfax is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose and combining financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose and combining financial statements of Housing Authority of the Town of Colfax for the year ended March 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose and combining financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose and combining financial statements.

Our study of the authority's internal control structure disclosed a reportable condition in internal controls relating to segregation of duties. Due to its limited size, the entity does not have the personnel to adequately separate the internal accounting control duties. The segregation of duties is a decision that must be made by management on a cost-benefit basis. Management must determine if the costs of implementing an adequate internal control system will outweigh the benefits derived from such a system. This reportable condition is inherent in all small entities, and should not be construed as a failure in proper management. We concur with management's opinion that the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Consequently, this should not be considered a controlled audit finding.

Housing Authority of the Town of Colfax
Colfax, Louisiana

Schedule of Modernization Costs - Uncompleted
March 31, 1996

Annual Contributions Contract FW-2052

| | LA-48-P122-903-92 | LA-48-P122-905-95 | Total |
|---------------------------------------|-------------------|-------------------|---------------|
| 1. Funds approved | \$ 2,475.00 | \$ 325,000.00 | \$ 327,475.00 |
| Funds expended | 1,881.79 | .00 | 1,881.79 |
| Excess of funds approved | \$ 593.21 | \$ 325,000.00 | \$ 325,593.21 |
| 2. Funds advanced | \$ 2,475.00 | \$.00 | \$ 2,475.00 |
| Funds expended | 1,881.79 | .00 | 1,881.79 |
| Excess (deficiency) of funds advanced | \$ 593.21 | \$.00 | \$ 593.21 |

Housing Authority of the Town of Colfax
Colfax, Louisiana

Schedule and Certification of Actual Modernization Costs
March 31, 1996

Annual Contributions Contract FW-2052

| | LA-48-P122-902 | LA-48-P122-904-93 | TOTAL |
|--------------------------|----------------|-------------------|---------------|
| 1. Funds approved | \$ 339,363.00 | \$ 300,000.00 | \$ 639,363.00 |
| Funds expended | 339,363.00 | 300,000.00 | 639,363.00 |
| Excess of funds approved | \$.00 | \$.00 | \$.00 |
| 2. Funds advanced | \$ 339,363.00 | \$ 300,000.00 | \$ 639,363.00 |
| Funds expended | 339,363.00 | 300,000.00 | 639,363.00 |
| Excess of funds advanced | \$.00 | \$.00 | \$.00 |

3. The distribution of costs by project as shown on the Final CIAP Budget/Progress Report accompanying the Actual Modernization Cost Certificate dated 10/13/95 for CIAP 902, and 1/16/96 for CIAP 904, submitted to HUD for approval are not in agreement with the PHA records. All modernization costs have been paid and all related liabilities have been discharged through payment. After consideration of audit adjusting entry #1, the fee accountant's records do agree with the PHA submitted closeout documents in the aggregate, but not with the detailed line items.

Housing Authority of the Town of Colfax
Colfax, Louisiana

Analysis of General Fund Cash Balance
March 31, 1996

Assets and Other Items

| | | |
|-----------------------------|----|-------------------|
| Cash | \$ | 72,899.72 |
| Adjustment for CIAP funding | (| 593.21) |
| Prepaid insurance | | 14,058.00 |
| Investments | | 17,515.55 |
| Total | \$ | <u>103,880.06</u> |

Liabilities, Reserves, and Other Items

| | | |
|---------------------------------------|----|-------------------|
| Tenants' security deposits | \$ | 3,750.00 |
| Accounts payable-HUD | | 7,097.60 |
| Accrued and withheld payroll taxes | | 763.39 |
| Accrued PILOT | | 6,274.86 |
| Prepaid annual contributions | | 12,066.00 |
| Operating reserve-owned per PHA | | 71,451.81 |
| Operating reserve-certificate per PHA | | 2,206.56 |
| Adjustments affecting OR (backed out) | | 269.84 |
| Total | \$ | <u>103,880.06</u> |

Housing Authority of the Town of Colfax
Colfax, Louisiana

Adjusting Journal Entries
March 31, 1996

| | <u>Acct. # for audit report</u> | <u>Acct. # for posting by PHA</u> | <u>Debit</u> | <u>Credit</u> |
|--|---|---|--------------|---------------|
| (1) | | | | |
| CIAP - 904 | 1400.08 | 60010001400.0800 | \$ 863.05 | |
| CIAP - 903 | 1400.04 | 60010001400.0400 | | \$ 593.21 |
| Prior Year Adjust. Affect. RR | 6010 | 60010006010.0000 | | 269.84 |
| To record adjustments to CIAP and correct for failure to fully record prior year audit adjustment #1. | | | | |
| (2) | | | | |
| Interest Expense | 5610 | 60010006020.0000 | 47,188.09 | |
| Permanent Note - FFB | 2312 | 60010002312.0000 | 18,241.19 | |
| HUD Annual Contr. Receivable | 1176 | 60010001176.0000 | | 65,429.28 |
| To record 11/1/95 payment on FFB notes. | | | | |

NON-FINANCIAL SECTION

Independent Auditors' Report on Compliance Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of the Town of Colfax
300 Park Lane
Colfax, LA 71417

We have audited the general purpose and combining financial statements of Housing Authority of the Town of Colfax as of and for the year ended March 31, 1996, and have issued our report thereon dated September 10, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose and combining financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Housing Authority of the Town of Colfax is the responsibility of the authority's management. As part of obtaining reasonable assurance about whether the general purpose and combining financial statements are free of material misstatement, we performed tests of the authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose and combining financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.

September 10, 1996

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Housing Authority of the Town of Colfax
Colfax, Louisiana

Analysis of Surplus - Statutory Basis
Year Ended March 31, 1996

| | Owned Housing FW-2052 | Certificate Housing FW-2121 |
|--|-----------------------------|-----------------------------------|
| | | |
| Unreserved surplus | | |
| Balance per 3-31-95 audit | \$ (1,537,450.28) | \$ (2,547,721.03) |
| Prior audit adjusting entries | 44,898.86 | .00 |
| HUD adjustment prior year | .00 | .58 |
| Net income (loss) FYE 3-31-96 | (132,619.42) | (125,457.41) |
| OR provision FYE 3-31-96 | (42,014.30) | (2,207.14) |
| HAP project provision FYE 3-31-96 | .00 | (158,554.03) |
| Balance at 3-31-96 | \$ (1,667,185.14) | \$ (2,833,939.03) |
| Reserved surplus | | |
| Balance per 3-31-95 audit | \$ 29,437.51 | \$.00 |
| HUD adjustment to prior year | .00 | (.58) |
| OR provision FYE 3-31-96 | 42,014.30 | 2,207.14 |
| Balance at 3-31-96 | \$ 71,451.81 | \$ 2,206.56 |
| Project account - unfunded - HAP | | |
| Balance per 3-31-95 audit | \$.00 | \$ 1,304,822.36 |
| HAP project provision FYE 3-31-96 | .00 | 158,554.03 |
| Balance at 3-31-96 | \$.00 | \$ 1,463,376.39 |
| Cumulative contributions from HUD | | |
| Balance per 3-31-95 audit | \$ 2,142,714.74 | \$ 1,240,388.25 |
| HUD adjustment prior year | .00 | (.58) |
| Contribution FYE 3-31-96 | 65,429.28 | 131,987.97 |
| Operating subsidy FYE 3-31-96 | 84,681.00 | .00 |
| Balance at 3-31-96 | \$ 2,292,825.02 | \$ 1,372,375.64 |
| Grants from HUD | | |
| Balance per 3-31-95 audit | \$ 674,982.87 | \$.00 |
| Grants FYE 3-31-96 | 16,155.13 | .00 |
| Balance at 3-31-96 | \$ 691,138.00 | \$.00 |
| Total Surplus | \$ 1,388,229.69 | \$ 4,019.56 |

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

Housing Authority of the Town of Colfax
Colfax, Louisiana

Computation of Residual Receipts and Accruing Annual Contributions
Owned Housing Program
Year Ended March 31, 1996

Annual Contributions Contract FW-2052

Computation of Residual Receipts

Operating receipts

| | |
|--|--------------|
| Operating income | \$ 97,706.34 |
| HUD operating subsidy | 84,681.00 |
| Prior year adjustments affecting residual receipts | 4,281.78 |

| | |
|--------------------------|---------------|
| Total operating receipts | \$ 186,669.12 |
|--------------------------|---------------|

Operating expenditures

| | |
|----------------------|---------------|
| Operating expenses | \$ 139,101.98 |
| Capital expenditures | 5,283.00 |

| | |
|------------------------------|---------------|
| Total operating expenditures | \$ 144,384.98 |
|------------------------------|---------------|

| | |
|--|--------------|
| RR before provision for reserve, per audit | \$ 42,284.14 |
| Audit adjustments (backed out) | (269.84) |

| | |
|--|--------------|
| RR before provision for reserve, per PHA | \$ 42,014.30 |
| Provision for operating reserve | (42,014.30) |

| | |
|---------------------------|--------|
| Residual receipts per PHA | \$.00 |
|---------------------------|--------|

Computation of Accruing Annual Contribution

| | |
|---------------------------|----------------|
| Fixed annual contribution | \$ 65,429.28 * |
| Less interest savings | .00 |

| | |
|---|--------------|
| Total annual contribution accrued | \$ 65,429.28 |
| Less amount available for reduction of annual contribution - RR, above | .00 |

| | |
|------------------------------|--------------|
| Accruing annual contribution | \$ 65,429.28 |
|------------------------------|--------------|

*Subject to adjustment by HUD.

Housing Authority of the Town of Colfax
Colfax, Louisiana

Computation of Annual Contributions Earned and
Project Account and Operating Reserve Changes
Certificate Housing Program
Year Ended March 31, 1996

Annual Contributions Contract FW-2121

| | |
|--|------------------------|
| Maximum Contribution Available | |
| Maximum annual contribution authorized | \$ 290,542.00 |
| Project account, beginning of year | 1,304,822.36 |
| Total annual contributions available | <u>\$ 1,595,364.36</u> |
| | |
| Annual Contributions Required | |
| Housing assistance payments | \$ 110,365.00 |
| Administrative fee | 21,341.00 |
| Audit fee | 554.60 |
| Total funds required | <u>\$ 132,260.60</u> |
| Less project receipts other than annual contribution | 272.63 |
| Total annual contribution required | <u>\$ 131,987.97</u> |
| | |
| Project Account Change | |
| New project account balance | <u>\$ 1,463,376.39</u> |
| | |
| Annual Contribution Earned - lesser of contribution available or required | <u>\$ 131,987.97</u> |
| | |
| Operating Reserve Changes | |
| Operating receipts | |
| Operating income | \$ 417.30 |
| Annual contribution earned | 131,987.97 |
| Total operating receipts | <u>\$ 132,405.27</u> |
| | |
| Operating expenditures | |
| Operating expenses | \$ 125,874.71 |
| Total operating expenditures | <u>\$ 125,874.71</u> |
| | |
| Net operating receipts available-audit | \$ 6,530.56 |
| Prior year operating deficiency | (4,323.42) |
| Provision for operating reserve | <u>\$ 2,207.14</u> |

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

Housing Authority of the Town of Colfax
Colfax, Louisiana

Statement of Income and Expenses - Statutory Basis
Owned Housing Program
Year Ended March 31, 1996

Annual Contributions Contract FW-2052

| | |
|--|--------------------------------|
| Operating income | |
| Dwelling rental | \$ 88,548.32 |
| Interest on general fund investments | 470.57 |
| Other income | 8,687.45 |
| Total operating income | <u>\$ 97,706.34</u> |
| Operating Expenses | |
| Administration | \$ 40,461.30 |
| Utilities | 25,799.77 |
| Ordinary maintenance and operation | 32,449.28 |
| General expense | 40,341.63 |
| Nonroutine maintenance | 50.00 |
| Total operating expenses | <u>\$ 139,101.98</u> |
| Net operating income (loss) before other items | <u>\$ (41,395.64)</u> |
| Other charges (credits) | |
| Interest expense | \$ 47,188.09 |
| Prior year adjustments affecting RR | (4,281.78) |
| Prior year adjustments not affecting RR | 48,317.47 |
| Total other charges (credits) | <u>\$ 91,223.78</u> |
| Net Income (Loss) | <u><u>\$ (132,619.42)</u></u> |

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

Independent Auditors' Report on Compliance with the General Requirements
Applicable to Federal Financial Assistance Programs

Board of Commissioners
Housing Authority of the Town of Colfax
300 Park Lane
Colfax, LA 71417

We have audited the general purpose and combining financial statements of Housing Authority of the Town of Colfax as of and for the year ended March 31, 1996, and have issued our report thereon dated September 10, 1996.

We have applied procedures to test Housing Authority of the Town of Colfax compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended March 31, 1996:

Political Activity
Davis-Bacon Act
Civil Rights
Cash Management
Federal Financial Reports (Claims for Advances and Reimbursements)
Allowable costs/Cost principles
Drug-Free Workplace Act
Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the authority's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Housing Authority of the Town of Colfax had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.

September 10, 1996

Van Rheenen & Miller, Ltd.

VanRheenen & Miller, Ltd.
Certified Public Accountants

Housing Authority of the Town of Colfax
Colfax, Louisiana

Balance Sheet - Statutory Basis
March 31, 1996

| Assets | |
|------------------------------------|-----------------|
| Cash | \$ 72,899.72 |
| Prepaid insurance | 14,058.00 |
| Investments | 17,515.55 |
| Debt amortization funds | 65,429.28 |
| Fixed assets | 3,838,403.24 |
| | <hr/> |
| Total Assets | \$ 4,008,305.79 |
| | <hr/> <hr/> |
| Liabilities and Surplus | |
| Tenants' security deposits | \$ 3,750.00 |
| Accounts payable-HUD | 7,097.60 |
| Accrued and withheld payroll taxes | 763.39 |
| Accrued PILOT | 6,274.86 |
| Advance annual contributions | 12,066.00 |
| Fixed liabilities | 2,586,104.69 |
| | <hr/> |
| Total liabilities | \$ 2,616,056.54 |
| Surplus | 1,392,249.25 |
| | <hr/> |
| Total Liabilities and Surplus | \$ 4,008,305.79 |
| | <hr/> <hr/> |

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

TABLE OF CONTENTS

| | PAGE |
|--|------|
| <u>Financial Section</u> | |
| Independent Auditors' Report | 4 |
| <u>General Purpose Financial Statements</u> | |
| Combined Balance Sheet - All Fund Types and Account Groups | 6 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types | 7 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types | 8 |
| Notes to the Financial Statements | 9 |
| <u>Combining Statements</u> | |
| Combining Balance Sheet - All Special Revenue Funds | 15 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Special Revenue Funds | 16 |
| <u>Supplemental Financial Information</u> | |
| Schedule of Federal Financial Assistance | 18 |
| <u>Supplemental Financial Information - Statutory Basis</u> | |
| Balance Sheet - Statutory Basis | 20 |
| Statement of Income and Expenses - Statutory Basis - Owned Housing Program | 21 |
| Statement of Income and Expenses - Statutory Basis - Certificate Housing Program | 22 |
| Analysis of Surplus - Statutory Basis | 23 |
| Computation of Residual Receipts and Accruing Annual Contributions - Owned Housing Program | 24 |
| Computation of Annual Contributions Earned and Project Account and Operating Reserve Changes - Certificate Housing Program | 25 |
| Schedule of Modernization Costs - Uncompleted | 26 |
| Schedule and Certification of Actual Modernization Costs | 27 |
| Analysis of General Fund Cash Balance | 28 |
| Adjusting Journal Entries | 29 |
| <u>Non-Financial Section</u> | |
| Independent Auditors' Report on Compliance Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 31 |
| Independent Auditors' Report on Compliance with Specific Requirements Applicable to Major HUD Programs | 32 |
| Independent Auditors' Report on Compliance with General Requirements Applicable to Federal Financial Assistance Programs | 33 |
| Independent Auditors' Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions | 34 |
| Independent Auditors' Report on the Internal Control Structure Based on an Audit of General Purpose and Combining Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 35 |
| Independent Auditors' Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs | 37 |
| Independent Auditors' Schedule of Findings and Questioned Costs | 40 |
| Independent Auditors' General Comments | 42 |

Housing Authority of the Town of Colfax
Colfax, Louisiana

Schedule of Federal Financial Assistance
Year Ended March 31, 1996

| Federal Grantor/ Program Title | Grant ID Number | Federal CFDA Number | Current Year Program or Award Amount | Balance | | Grant Receipts or Revenue Recognized | Grant Disbursements/ Expenditures | Balance End of Year Cash/Receivable (Payable) |
|--|-----------------------|---------------------------|--|--|---------------|---|---|--|
| | | | | Beginning of Year - Cash/ Receivable/ (Payable) | | | | |
| U.S. Department of Housing & Urban Development | | | | | | | | |
| Direct Programs: | | | | | | | | |
| Low-Income Housing | | | | | | | | |
| Annual Contribution | FW-2052 | 14.850 | \$ 65,429.28 | \$ 65,429.28 | \$ 65,429.28 | \$ 65,429.28 | \$ 65,429.28 | \$ 65,429.28 |
| Operating Subsidies | FW-2052 | 14.850 | 84,681.00 | .00 | 84,681.00 | 84,681.00 | | .00 |
| Total Low-Income Housing | | | \$ 150,110.28 | \$ 65,429.28 | \$ 150,110.28 | \$ 150,110.28 | \$ 150,110.28 | \$ 65,429.28 |
| Rental Certificate | FW-2121 | 14.857 | \$ 131,987.97 | \$ (683.99) | \$ 138,401.58 | \$ 131,987.97 | \$ (7,097.60) | |
| CIAP | FW-2052 | 14.852 | 325,000.00 | (593.21) | 16,155.13 | 16,155.13 | (593.21) | |
| Total HUD and Grand Total | | | \$ 607,098.25 | \$ 64,152.08 | \$ 304,666.99 | \$ 298,253.38 | \$ 57,738.47 | |

* Major program as defined by OMB Circular A-128.

As specified in OMB Q & A, Federal Register Vol. 52, No. 219, 11-13-87, Q.7 and Q.33, the following outstanding governmental guaranteed loan balances were used in determining major program status: 2,586,104.69

See Notes to Financial Statements.

SUPPLEMENTAL FINANCIAL INFORMATION

Housing Authority of the Town of Colfax
Colfax, Louisiana

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-
All Special Revenue Funds
Year Ended March 31, 1996

| | Owned Housing FW-2052 | Certificate Housing FW-2121 | Totals |
|---|-----------------------------|-----------------------------------|----------------------|
| Revenues: | | | |
| Rents | \$ 88,548.32 | \$.00 | \$ 88,548.32 |
| Operational subsidies/grants | 84,681.00 | 131,987.97 | 216,668.97 |
| Interest | 470.57 | 417.30 | 887.87 |
| Miscellaneous | 9,550.62 | .00 | 9,550.62 |
| Total Revenues | \$ 183,250.51 | \$ 132,405.27 | \$ 315,655.78 |
| Expenditures | | | |
| Current: | | | |
| Administrative salaries | \$ 24,866.96 | \$ 11,169.73 | \$ 36,036.69 |
| Professional fees | 3,088.24 | 2,867.76 | 5,956.00 |
| Travel | 2,082.72 | 11.00 | 2,093.72 |
| Sundry administration | 10,423.38 | 168.26 | 10,591.64 |
| Utilities | 25,799.77 | .00 | 25,799.77 |
| Maintenance salaries | 16,144.17 | .00 | 16,144.17 |
| Maintenance materials | 9,452.15 | .00 | 9,452.15 |
| Other maintenance costs | 6,902.96 | .00 | 6,902.96 |
| Insurance | 19,865.07 | .00 | 19,865.07 |
| PILOT | 6,274.86 | .00 | 6,274.86 |
| Employee benefits | 14,201.70 | 1,292.96 | 15,494.66 |
| Housing assistance payments | .00 | 110,365.00 | 110,365.00 |
| Capital Expenditures | 5,283.00 | .00 | 5,283.00 |
| Total Expenditures | \$ 144,384.98 | \$ 125,874.71 | \$ 270,259.69 |
| Excess of Revenues and over (under) Expenditures | \$ 38,865.53 | \$ 6,530.56 | \$ 45,396.09 |
| Fund Balance, beginning of period | 32,856.12 | (4,324.00) | 28,532.12 |
| Fund Balances, end of period | \$ 71,721.65 | \$ 2,206.56 | \$ 73,928.21 |

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

Housing Authority of the Town of Colfax
Colfax, Louisiana

Combining Balance Sheet - All Special Revenue Funds
March 31, 1996

| | Owned Housing FW-2052 | Certificate Housing FW-2121 | Totals |
|---|-----------------------------|-----------------------------------|----------------------|
| ASSETS AND OTHER DEBITS | | | |
| Assets: | | | |
| Cash | \$ 72,899.72 | \$.00 | \$ 72,899.72 |
| Due from other funds | .00 | 9,304.16 | 9,304.16 |
| Prepaid items | 14,058.00 | .00 | 14,058.00 |
| Investments | 17,515.55 | .00 | 17,515.55 |
| TOTAL ASSETS AND OTHER DEBITS | \$ 104,473.27 | \$ 9,304.16 | \$ 113,777.43 |
| LIABILITIES, EQUITY, AND OTHER CREDITS | | | |
| Liabilities: | | | |
| Accounts payable: | | | |
| Trade | \$ 763.39 | \$.00 | \$ 763.39 |
| Other governments | .00 | 7,097.60 | 7,097.60 |
| Security deposits | 3,750.00 | .00 | 3,750.00 |
| Due to other funds | 9,897.37 | .00 | 9,897.37 |
| Accrued PILOT | 6,274.86 | .00 | 6,274.86 |
| Deferred revenue | 12,066.00 | .00 | 12,066.00 |
| Total liabilities | \$ 32,751.62 | \$ 7,097.60 | \$ 39,849.22 |
| Equity and Other Credits: | | | |
| Fund balances: | | | |
| Reserved for prepaids | \$ 14,058.00 | \$.00 | \$ 14,058.00 |
| Unreserved, undesignated | 57,663.65 | 2,206.56 | 59,870.21 |
| TOTAL EQUITY AND OTHER CREDITS | \$ 71,721.65 | \$ 2,206.56 | \$ 73,928.21 |
| TOTAL LIAB., EQUITY, & OTHER CREDITS | \$ 104,473.27 | \$ 9,304.16 | \$ 113,777.43 |

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

COMBINING STATEMENTS

Housing Authority of the Town of Colfax
Colfax, Louisiana

Notes to the Financial Statements (Continued)
March 31, 1996

Changes in fixed liabilities are as follows:

| | FFB Notes | HUD Notes | Payroll Related Costs |
|------------------------------|----------------------|------------------------|--------------------------|
| Balance, beginning of period | \$ 714,971.11 | \$ 1,889,374.77 | \$ 1,308.45 |
| Principal retirement | (18,241.19) | .00 | .00 |
| Net Change | .00 | .00 | 261.70 |
| Balance, end of period | <u>\$ 696,729.92</u> | <u>\$ 1,889,374.77</u> | <u>\$ 1,570.15</u> |

Scheduled retirements of fixed liabilities are as follows:

| | FFB Notes | Interest | Total |
|--------------------|--------------|--------------|--------------|
| Within one year | \$ 19,319.12 | \$ 46,110.16 | \$ 65,429.28 |
| Within second year | 20,720.17 | 44,709.11 | 65,429.28 |
| Within third year | 22,087.70 | 43,341.58 | 65,429.28 |
| Within fourth year | 23,545.49 | 41,883.79 | 65,429.28 |
| Within fifth year | 24,989.00 | 40,440.28 | 65,429.28 |
| Thereafter | 586,068.44 | 329,737.47 | 915,805.91 |

NOTE 6 - RETIREMENT PLAN

The entity provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six month exclusionary period. The employee contributes 6.5% and the entity contributes 8.5% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended March 31, 1996, was \$52,180.96. The entity's contributions were calculated using the base salary amount of \$52,180.96. Contributions to the plan were \$3,392.00 and \$4,435.00 by the employee and the entity, respectively.

NOTE 7 - CONTINGENCIES

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

GENERAL PURPOSE FINANCIAL STATEMENTS

Independent Auditors' Report

Board of Commissioners
Housing Authority of the Town of Colfax
300 Park Lane
Colfax, LA 71417

We have audited the accompanying general purpose financial statements and the combining financial statements of Housing Authority of the Town of Colfax as of March 31, 1996, and for the year then ended, as listed in the table of contents. These financial statements and the supplemental financial information and supplemental financial information - statutory basis are the responsibility of the authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, in the current year the authority implemented financial reporting under generally accepted accounting principles and discontinued regulatory basis financial reporting.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the Town of Colfax as of March 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of Housing Authority of the Town of Colfax as of March 31, 1996, and the results of operations of such funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 10, 1996 on our consideration of Housing Authority of the Town of Colfax's internal control structure and a report dated September 10, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining financial statements. The accompanying financial information listed as supplemental financial information and supplemental financial information—statutory basis in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Housing Authority of the Town of Colfax. Such information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole. As described in Note 1, the supplemental financial information—statutory basis was prepared in conformity with the accounting practices prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. Such supplemental financial information - statutory basis has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in our opinion, is fairly presented in all material respects in conformity with the comprehensive basis of accounting described in Note 1.

September 10, 1996

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Housing Authority of the Town of Colfax
Colfax, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
March 31, 1996

| | Governmental Fund Types | | | Account Groups | | Memo Totals 1996 |
|---|-------------------------|---------------------|---------------------|----------------------------|------------------------------|------------------------|
| | Special Revenue | Debt Service | Capital Projects | General Fixed Assets | General Long-term Debt | |
| ASSETS AND OTHER DEBITS | | | | | | |
| Assets: | | | | | | |
| Cash | \$ 72,899.72 | \$.00 | \$.00 | \$.00 | \$.00 | \$ 72,899.72 |
| Investments | 17,515.55 | .00 | .00 | .00 | .00 | 17,515.55 |
| Receivables: | | | | | | |
| Other governments | .00 | 65,429.28 | .00 | .00 | .00 | 65,429.28 |
| Due from other funds | 9,304.16 | .00 | 593.21 | .00 | .00 | 9,897.37 |
| Prepaid items | 14,058.00 | .00 | .00 | .00 | .00 | 14,058.00 |
| Fixed assets | .00 | .00 | .00 | 3,838,403.24 | .00 | 3,838,403.24 |
| Other debits: | | | | | | |
| Amount avail. in debt service fund | .00 | .00 | .00 | .00 | 65,429.28 | 65,429.28 |
| Amt. to be provided for retirement of general long term debt | .00 | .00 | .00 | .00 | 2,522,245.56 | 2,522,245.56 |
| TOTAL ASSETS AND OTHER DEBITS | \$ 113,777.43 | \$ 65,429.28 | \$ 593.21 | \$ 3,838,403.24 | \$ 2,587,674.84 | \$ 6,605,878.00 |
| LIABILITIES, EQUITY, AND OTHER CREDITS | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable: | | | | | | |
| Trade | \$ 763.39 | \$.00 | \$.00 | \$.00 | \$.00 | \$ 763.39 |
| Other governments | 7,097.60 | .00 | 593.21 | .00 | .00 | 7,690.81 |
| Security deposits | 3,750.00 | .00 | .00 | .00 | .00 | 3,750.00 |
| Due to other funds | 9,897.37 | .00 | .00 | .00 | .00 | 9,897.37 |
| Accrued PILOT | 6,274.86 | .00 | .00 | .00 | .00 | 6,274.86 |
| Deferred revenue | 12,066.00 | .00 | .00 | .00 | .00 | 12,066.00 |
| Fixed liabilities | .00 | .00 | .00 | .00 | 2,587,674.84 | 2,587,674.84 |
| Total liabilities | \$ 39,849.22 | \$.00 | \$ 593.21 | \$.00 | \$ 2,587,674.84 | \$ 2,628,117.27 |
| Equity and Other Credits: | | | | | | |
| Investment in general fixed assets | \$.00 | \$.00 | \$.00 | \$ 3,838,403.24 | \$.00 | \$ 3,838,403.24 |
| Fund balances: | | | | | | |
| Reserved for debt service | .00 | 65,429.28 | .00 | .00 | .00 | 65,429.28 |
| Reserve for prepaids | 14,058.00 | .00 | .00 | .00 | .00 | 14,058.00 |
| Unreserved, undesignated | 59,870.21 | .00 | .00 | .00 | .00 | 59,870.21 |
| Total Equity and Other Credits | \$ 73,928.21 | \$ 65,429.28 | \$.00 | \$ 3,838,403.24 | \$.00 | \$ 3,977,760.73 |
| TOT. LIAB., EQUITY AND OTHER CREDITS | \$ 113,777.43 | \$ 65,429.28 | \$ 593.21 | \$ 3,838,403.24 | \$ 2,587,674.84 | \$ 6,605,878.00 |

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

Housing Authority of the Town of Colfax
Colfax, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-
All Governmental Fund Types
Year Ended March 31, 1996

| | Governmental Fund Types | | | Memo Totals 1996 |
|---|-------------------------|---------------------|---------------------|------------------------|
| | Special Revenue | Debt Service | Capital Projects | |
| Revenues: | | | | |
| Rents | \$ 88,548.32 | \$.00 | \$.00 | \$ 88,548.32 |
| Operational subsidies/grants | 216,668.97 | 65,429.28 | 16,155.13 | 298,253.38 |
| Interest | 887.87 | .00 | .00 | 887.87 |
| Miscellaneous | 9,550.62 | .00 | .00 | 9,550.62 |
| Total Revenues | \$ 315,655.78 | \$ 65,429.28 | \$ 16,155.13 | \$ 397,240.19 |
| Expenditures | | | | |
| Current: | | | | |
| Housing operations | \$ 154,611.69 | \$.00 | \$.00 | \$ 154,611.69 |
| Housing assistance | 110,365.00 | .00 | .00 | 110,365.00 |
| Capital outlay | 5,283.00 | .00 | 16,155.13 | 21,438.13 |
| Debt service: | | | | |
| Principal | .00 | 18,241.19 | .00 | 18,241.19 |
| Interest | .00 | 47,188.09 | .00 | 47,188.09 |
| Total Expenditures | \$ 270,259.69 | \$ 65,429.28 | \$ 16,155.13 | \$ 351,844.10 |
| Excess of Revenues over (under) Expenditures | \$ 45,396.09 | \$.00 | \$.00 | \$ 45,396.09 |
| Fund Balance, beginning of period | 28,532.12 | 65,429.28 | .00 | 93,961.40 |
| Fund Balance, end of period | \$ 73,928.21 | \$ 65,429.28 | \$.00 | \$ 139,357.49 |

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

Housing Authority of the Town of Colfax
Colfax, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual - All Governmental Fund Types
Year Ended March 31, 1996

| Special Revenue Funds | | | |
|---|----------------------|----------------------|--|
| | Budget | Actual | Variance Favorable <Unfavorable> |
| Revenues: | | | |
| Rents | \$ 112,310.00 | \$ 88,548.32 | \$ (23,761.68) |
| Operational subsidies/grants | 222,807.00 | 216,668.97 | (6,138.03) |
| Interest | 1,435.00 | 887.87 | (547.13) |
| Miscellaneous | 8,800.00 | 9,550.62 | 750.62 |
| Total Revenues | \$ 345,352.00 | \$ 315,655.78 | \$ (29,696.22) |
| Expenditures | | | |
| Current: | | | |
| Administrative salaries | \$ 35,846.00 | \$ 36,036.69 | \$ (190.69) |
| Professional fees | 7,370.00 | 5,956.00 | 1,414.00 |
| Travel | 6,792.00 | 2,093.72 | 4,698.28 |
| Sundry administration | 13,151.00 | 10,591.64 | 2,559.36 |
| Utilities | 28,110.00 | 25,799.77 | 2,310.23 |
| Maintenance salaries | 15,950.00 | 16,144.17 | (194.17) |
| Maintenance materials | 14,000.00 | 9,452.15 | 4,547.85 |
| Other maintenance costs | 10,760.00 | 6,902.96 | 3,857.04 |
| Insurance | 33,440.00 | 19,865.07 | 13,574.93 |
| PILOT | 7,490.00 | 6,274.86 | 1,215.14 |
| Employee benefits | 19,192.00 | 15,494.66 | 3,697.34 |
| Housing assistance payments | 115,358.00 | 110,365.00 | 4,993.00 |
| Capital expenditures | 4,700.00 | 5,283.00 | (583.00) |
| Total Expenditures | \$ 312,159.00 | \$ 270,259.69 | \$ 41,899.31 |
| Excess of Revenues over <under> Expenditures | \$ 33,193.00 | \$ 45,396.09 | \$ 12,203.09 |
| Fund Balance, beginning of period | | 28,532.12 | |
| Fund Balance, end of period | | \$ 73,928.21 | |

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

Housing Authority of the Town of Colfax
Colfax, Louisiana

Notes to the Financial Statements
March 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Organization. The entity is chartered as a public corporation for the purpose of administering housing programs for low income families.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds.

- B. Financial reporting. The financial reporting policies of the entity conform to generally accepted accounting principles.

Specific accounting policies. The following is a summary of significant accounting policies:

1. Financial reporting entity. The entity is a public corporation, legally separate and fiscally independent. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Housing Authority of the Town of Colfax, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups, and programs which are controlled by the entity's governing body.
2. Fund accounting. The accounts of the entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type (governmental) and the following broad fund categories:

Governmental Fund Types

Special revenue fund - The special revenue funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital projects fund - The capital projects fund is used to account for financial resources to be used for the acquisition, construction, and major renovation of major capital facilities.

Special reporting treatment is also applied in governmental funds when prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

3. Fixed assets and long-term liabilities. The accounting and reporting treatment applied to fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets.

Housing Authority of the Town of Colfax
Colfax, Louisiana

Notes to the Financial Statements (Continued)
March 31, 1996

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The entity does not capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity. During project development, interest expenditures were capitalized under pre-1987 financing arrangements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to financed developments, interest expenditures are not accrued but are recorded when paid.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.

The two above-named account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

4. Basis of accounting. All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All significant revenue sources are susceptible to accrual.

Expenditures in governmental fund types are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

Vested and earned vacation and sick leave that are not accrued are reported in the general long-term debt account group. No expenditure is reported for those amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The entity does not utilize encumbrance accounting.

In the current year, the authority implemented financial reporting under generally accepted accounting principles and discontinued regulatory basis financial reporting.

5. Supplemental financial information - statutory basis. The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:

- a. Governmental fund accounting principles are not utilized.
- b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.
- c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.
- d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
- e. The cost of accumulated unpaid vacation and sick leave is not accrued.
- f. Financial statement formats vary from GAAP.
- g. The entity does not utilize encumbrance accounting.
- h. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as Fixed Assets may include costs substantially in excess of value.
- i. During project development, interest expenditures are capitalized under pre-1987 financing agreements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to completion of Pre-1987 financed developments, interest expenditures are not accrued but are recognized when paid.

Housing Authority of the Town of Colfax
Colfax, Louisiana

Notes to the Financial Statements (Continued)
March 31, 1996

6. Comparative data. Comparative total data for the prior year have not been presented in the accompanying financial statements since this is the first reporting period using governmental generally accepted accounting principles reporting.
7. Total columns on combined statements. Total columns on the combined statements are captioned Memo Totals to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
- C. Budget. The entity follows these procedures in establishing the budgetary data reflected in the financial statements:
1. The entity prepares annual budgets for each fund (except Debt Service Fund and the Capital Projects Fund). Prior to the beginning of each budget year, the entity's annual budget is approved by the entity's governing body. Budgetary amendments require approval by the governing body. Budget amounts shown in the financial statements are the final authorized amounts for the year. All budgetary appropriations lapse at the end of each fiscal year.
 2. Budgets for the Capital Projects Fund are prepared on a project-life basis rather than on an annual basis and, therefore, have been omitted from the accompanying financial statements.
 3. Budgets for the Debt Service Fund are not prepared inasmuch as all revenues and expenditures of this fund are controlled by and processed by HUD. The entity records Debt Service Fund transactions from documents supplied by HUD.
- D. Income taxes. The entity is not subject to federal or state income taxes.
- E. Cash and cash equivalents. The entity defines cash to include certificates of deposit, money market funds, savings accounts, and demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.
- F. Investments. The entity defines investments to include certificates of deposit with maturities of greater than three months, consequently, the cost, carrying value, and market value are equivalent.

NOTE 2 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at March 31, 1996. The categories are described as follows:

- 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 - Uncollateralized.

Cash Deposits, categorized by level of risk, are:

| Total Bank Balances | Category | | |
|------------------------|--------------|--------|--------|
| | 1 | 2 | 3 |
| \$ 93,543.63 | \$ 93,543.63 | \$.00 | \$.00 |

Housing Authority of the Town of Colfax
Colfax, Louisiana

Notes to the Financial Statements (Continued)
March 31, 1996

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule as of March 31, 1996, represents interfund receivables and payables:

| Fund Type | Interfund Receivables | Interfund Payables |
|---------------------|--------------------------|-----------------------|
| Special Revenue: | | |
| Owned Housing | \$.00 | \$ 9,897.37 |
| Certificate Housing | 9,304.16 | .00 |
| Capital Projects | 593.21 | .00 |
| Total | <u>\$ 9,897.37</u> | <u>\$ 9,897.37</u> |

NOTE 4 - FIXED ASSETS

Changes in fixed assets are as follows:

| | Beg. of Period | Additions | Deletions | End of Period |
|--------------------|------------------------|---------------------|---------------|------------------------|
| Land, land impvts. | \$ 437,854.00 | \$.00 | \$.00 | \$ 437,854.00 |
| Building | 2,675,441.95 | .00 | .00 | 2,675,441.95 |
| Equipment | 78,579.50 | 5,283.00 | .00 | 83,862.50 |
| Const. in progress | 625,089.66 | 16,155.13 | .00 | 641,244.79 |
| Total | <u>\$ 3,816,965.11</u> | <u>\$ 21,438.13</u> | <u>\$.00</u> | <u>\$ 3,838,403.24</u> |

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation having a planned total cost of \$966,838.00 to be fully financed by grants from HUD.

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

NOTE 5 - FIXED LIABILITIES

Fixed liabilities consist of the following:

| | Interest Rate | Principal Balance |
|----------------------------------|------------------|------------------------|
| Payroll related costs | | \$ 1,570.15 |
| HUD notes payable | various | 1,889,374.77 |
| FFB note dated September 4, 1981 | 6.60% | 696,729.92 |
| Total | | <u>\$ 2,587,674.84</u> |

HUD notes payable are held and guaranteed by HUD. Under provisions of the federal Debt Forgiveness Act of 1985, these notes and accrued interest on these notes are to be forgiven by HUD. Timing of this action is uncertain.

The Federal Financing Bank note is payable in annual installments of \$65,429.28, including principal and interest. All annual installments to maturity are payable by HUD. The note matures November 1, 2014.

FINANCIAL SECTION