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**HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE, LOUISIANA**  
**REPORT ON EXAMINATION OF**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**  
**TWELVE MONTHS ENDED DECEMBER 31, 1995**

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 ~~\_\_\_\_\_~~ **JUN 26 1996**

**ESTES & ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS

## TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
ACCOUNTANT'S REPORT		1 - 2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)		
Combined Balance Sheet — All Fund Types and Account Groups		3 - 4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — All Governmental Fund Types		5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget (GAAP Basis) and Actual — General Fund and Special Revenue Funds		6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget (GAAP Basis) and Actual — Debt Service and Capital Projects Funds		7
Notes to Financial Statements		8 - 14
Capital Project Fund Types — Combining Balance Sheet		15
Capital Project Fund Types — Combining Statement of Revenues, Expenditures and Changes in Fund Balances		16
Fiduciary Funds — Combining Balance Sheet		17
Fiduciary Funds — Schedule of Changes in Deposits Due to Others		18

TABLE OF CONTENTS (Continued)

	<u>EXHIBIT</u>	<u>PAGE</u>
SUPPLEMENTARY INFORMATION		
Balance Sheet — Statutory Basis	A	19
Statement of Income and Expenses — Statutory Basis	B	20
Analysis of Surplus — Statutory Basis	C	21 - 22
Computation of Residual Receipts and Accruing Annual Contribution	D	23 - 24
Statement of Modernization Costs — Uncompleted	E	25
Analysis of General Fund Cash Balance	F	26
Schedule of Federal Financial Assistance		27
Independent Auditors' Compliance Report Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		28
Independent Auditors' Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs		29 - 30
Independent Auditors' Report on Compliance with Specific Requirements Applicable to NonMajor Federal Financial Assistance Programs		31
Independent Auditors' Report on the Internal Control Structure in Accordance with Governmental Auditing Standards		32 - 33
Independent Auditors' Report on the Internal Control Structure Used in Administering Federal Financial Assistance programs — No Major Programs		34 - 36
Schedule of Findings and Questioned Costs		37
Adjusting Journal Entries		38

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Report of Independent Certified Public Accountants  
on Financial Statements and Financial Schedules

Board of Commissioners  
Housing Authority of the  
Town of Merryville  
Merryville, Louisiana

Regional Inspector General for Audit  
Office of Inspector General  
Department of Housing and Urban  
Development

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Housing Authority of the Town of Merryville, Louisiana (the Authority) as of December 31, 1995, and for the year then ended, as listed in the table of contents. These financial statements 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; *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 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Merryville, Louisiana as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Housing Authority of the Town of Merryville, Louisiana as of December 31, 1995, 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 May 21, 1996, on our consideration of the Authority's internal control structure and a report dated May 21, 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 and individual fund and account group financial statements. The budgetary information included in the accompanying financial statements and the accompanying financial information listed as financial schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Housing Authority of the Town of Merryville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly stated in all material aspects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

*Estes and Associates*

Fort Worth, Texas  
May 21, 1996



HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1995

	Governmental Fund Types				Fiduciary Fund Types			Account Groups		
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)		
ASSETS										
Cash and cash equivalents	\$ 51,782.47	\$	\$	\$	\$ 3,825.00	\$	\$	\$ 55,607.47		
Investments										
Receivables, net of allowances:										
Rentals	3,451.96							3,451.96		
Other								0.00		
Due from:										
Other funds				159.98						
Other governments			25,049.55					25,049.55		
Prepaid expenditures	3,764.25							3,764.25		
Property, plant and equipment										
Amount to be provided for retirement of general long-term debt					2,811,690.03			2,811,690.03		
Total Assets	\$ 58,998.68	\$ 0.00	\$ 25,049.55	\$ 159.98	\$ 3,825.00	\$ 2,811,690.03	\$ 178,909.12	\$ 3,078,632.36		

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)  
DECEMBER 31, 1995

	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt		
<b>LIABILITIES AND FUND EQUITY</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 14.34	\$	\$	\$	\$			\$	14.34
Accrued liabilities	14,037.16								14,037.16
Due to:									
Tenants					3,825.00				
Other funds	159.98								3,825.00
Deferred revenue	125.00								159.98
General obligation bonds payable and other liabilities						178,909.12			125.00
<b>Total Liabilities</b>	<u>14,336.48</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,825.00</u>	<u>178,909.12</u>	<u>0.00</u>	<u>178,909.12</u>	<u>197,070.60</u>
<b>FUND EQUITY</b>									
Investment in general fixed assets									
Fund balances:						2,811,690.03			2,811,690.03
Reserved for capital projects				159.98					159.98
Reserved for debt service			25,049.55						25,049.55
Unreserved:									
Undesignated	<u>44,662.20</u>								<u>44,662.20</u>
<b>Total Fund Equity</b>	<u>44,662.20</u>	<u>0.00</u>	<u>25,049.55</u>	<u>159.98</u>	<u>0.00</u>	<u>2,811,690.03</u>	<u>0.00</u>	<u>2,811,690.03</u>	<u>2,881,561.76</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 58,998.68</u>	<u>\$ 0.00</u>	<u>\$ 25,049.55</u>	<u>\$ 159.98</u>	<u>\$ 3,825.00</u>	<u>\$ 178,909.12</u>	<u>\$ 178,909.12</u>	<u>\$ 3,078,632.36</u>	<u>\$ 3,078,632.36</u>

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

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED DECEMBER 31, 1995

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>REVENUES</b>					
Rentals	\$ 73,957.06	\$	\$	\$	\$ 73,957.06
Intergovernmental	101,329.00		19,991.46	99,554.96	220,875.42
Other	5,387.59				5,387.59
<b>Total Revenues</b>	<u>180,673.65</u>	<u>0.00</u>	<u>19,991.46</u>	<u>99,554.96</u>	<u>300,220.07</u>
<b>EXPENDITURES</b>					
Administration	29,293.29				29,293.29
Utilities	50,722.97				50,722.97
Ordinary maintenance	50,290.78				50,290.78
General expenditures	31,484.36				31,484.36
Capital expenditures	5,007.90			99,494.53	104,502.43
Debt service:					
Principal retirement			12,000.00		12,000.00
Interest			8,060.46		8,060.46
<b>Total expenditures</b>	<u>166,799.30</u>	<u>0.00</u>	<u>20,060.46</u>	<u>99,494.53</u>	<u>286,354.29</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,874.35</u>	<u>0.00</u>	<u>(69.00)</u>	<u>60.43</u>	<u>13,865.78</u>
<b>OTHER FINANCING SOURCES(USES)</b>					
Operating transfers in					0.00
Operating transfers out					0.00
<b>Total other financing sources(uses)</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>FUND BALANCE, beginning of year</b>	<u>30,787.85</u>		<u>25,118.55</u>	<u>99.55</u>	<u>56,005.95</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 44,662.20</u>	<u>\$ 0.00</u>	<u>\$ 25,049.55</u>	<u>\$ 159.98</u>	<u>\$ 69,871.73</u>

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



HOUSING AUTHORITY OF THE TOWN MERRYVILLE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND AND SPECIAL REVENUE FUNDS  
 YEAR ENDED DECEMBER 31, 1995

	General Fund		Special Revenue Funds		Over (Under) Budget
	Budget	Actual	Budget	Actual	
<b>REVENUES</b>					
Rentals	\$ 88,770.00	\$ 73,957.06	\$ (14,812.94)	\$	\$ 0.00
Intergovernmental	101,329.00	101,329.00	0.00		0.00
Interest	230.00		(230.00)		0.00
Other income	2,550.00	5,387.59	2,837.59		0.00
<b>Total Revenues</b>	<u>192,879.00</u>	<u>180,673.65</u>	<u>(12,205.35)</u>	<u>0.00</u>	<u>0.00</u>
<b>EXPENDITURES</b>					
Administration	34,000.00	29,293.29	(4,706.71)		0.00
Utilities	55,050.00	50,722.97	(4,327.03)		0.00
Ordinary maintenance	60,270.00	50,290.78	(9,979.22)		0.00
Protective services			0.00		0.00
General expenditures	31,080.00	31,484.36	404.36		0.00
Extraordinary maintenance	1,000.00		(1,000.00)		0.00
Capital expenditures	4,700.00	5,007.30	307.90		0.00
<b>Total Expenditures</b>	<u>186,100.00</u>	<u>166,799.30</u>	<u>(19,300.70)</u>	<u>0.00</u>	<u>0.00</u>
Excess (deficiency) of revenues over (under) expenditures					
	\$ <u>6,779.00</u>	13,874.35	\$ 7,095.35	\$ 0.00	\$ 0.00
Transfer of net income to unreserved deficit					
<b>FUND BALANCES, beginning of year</b>					
		<u>30,787.85</u>			
<b>FUND BALANCES, end of year</b>		\$ <u>44,662.20</u>		\$ 0.00	\$ 0.00

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 DEBT SERVICE AND CAPITAL PROJECTS FUNDS  
 YEAR ENDED DECEMBER 31, 1995

	Debt Service Fund		Capital Projects Funds		Over (Under) Budget
	Budget	Actual	Budget	Actual	
REVENUES					
Intergovernmental	\$ 19,991.46	\$ 19,991.46	\$ 99,494.53	\$ 99,554.96	\$ (60.43)
Total Revenues	19,991.46	19,991.46	99,494.53	99,554.96	(60.43)
EXPENDITURES					
Capital expenditures			99,494.53	99,494.53	0.00
Debt Service:					
Principal retirement	12,000.00	12,000.00			0.00
Interest	8,060.46	8,060.46			0.00
Total Expenditures	20,060.46	20,060.46	99,494.53	99,494.53	0.00
Excess (deficiency) of revenues over (under) expenditures	\$ (69.00)	(69.00)	\$ 0.00	\$ 60.43	\$ (60.43)
Transfer of net income to unreserved deficit					
FUND BALANCES, beginning of year		25,118.55		99.55	
FUND BALANCES, end of year		\$ 25,049.55		\$ 159.98	

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

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Merryville, Louisiana (the Authority), a public corporate body, was organized for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by providing decent housing, a suitable living environment, and economic opportunities principally for persons of low and moderate income.

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the Town of Merryville, Louisiana. Each member serves a five-year term on a rotating basis. Substantially all of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities, housing assistance payments for eligible individuals, and receipt of annual debt service requirements for HUD-related long-term debt.

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and data from these units, if any, are combined with data of the Authority. Each discretely presented component unit, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the Authority. As of December 31, 1995, and for the fiscal year then ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

(2) Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped by type and broad categories in the financial statements as follows:

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Fund Accounting (continued)

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the Authority are financed. The measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The following are the Authority's governmental fund types:

General Fund - The General Fund is the general operating fund of the Authority. The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Authority which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or rehabilitation of major capital facilities.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Authority as an agent for individuals, private organizations, other governmental units, and/or other funds. The following is the Authority's fiduciary fund type:

Agency Funds - Agency Funds include Tenant Security Deposit Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations.



HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the Authority's general fixed assets and general long-term debt for governmental fund types. These are not "funds." They are concerned only with the measurement of financial position and not with results of operations. The following are the Authority's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Authority.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the Authority.

(4) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered "measurable" when received in cash, except for certain revenues which are accrued when they are both measurable and available or have not been received at the normal time of receipt. Certain grant revenues are accrued when funds are expended. Revenues susceptible to accrual are federal grants, interest on investments, and other miscellaneous revenues which are both measurable and available to finance expenditures of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Agency Funds are custodial in nature and do not measure results of operations. They are clearing accounts whose assets at all times are equally offset by related liabilities.

(5) Budgetary Data

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program, included in the General Fund, and all Assisted Housing (Section 8) Programs, included in Special Revenue Funds. Annual budgets are not required for Capital Projects Funds as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.



HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures, such as reinstatement of prior-year encumbrances. The Board and HUD must approve fund appropriation increases. Any unused appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

(6) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(7) Tenant Receivables

Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts amounting to \$ 0 at December 31, 1995.

(8) Interfund Transactions

During the course of normal operations, the Authority has numerous transactions between funds to provide services, construct assets, and service debt. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

(9) General Fixed Assets

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation is not recorded on general fixed assets. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings, including roads, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets.

Costs of completed Modernization projects are reported as construction-in-progress until audited cost certification reports are submitted to HUD, at which time such costs are transferred to the appropriate property categories.

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(10) General Long-Term Debt

All long-term indebtedness of the Authority is accounted for in the General Long-Term Debt Account Group and is intended to be paid through the Debt Service Fund.

(11) Compensated Absences

The cost of accumulated unpaid vacation and sick leave is not accrued.

(12) Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" 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, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND INVESTMENTS

Cash and investments are insured as follows:

FDIC Insurance	\$	<u>55,607.47</u>
	\$	<u>55,607.47</u>

NOTE C - ACTIVITIES OF THE PHA

At December 31, 1995, the PHA was managing 90 units of low-rent in two projects under Program FW – 1255.

NOTE D - CONTINGENCIES

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

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

NOTES TO FINANCIAL STATEMENTS  
(Continued)  
DECEMBER 31, 1995

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Changes in the general fixed assets account group are as follows:

	<u>Beg. of Period</u>		<u>Additions</u>		<u>Deletions</u>		<u>End of Period</u>
Land, land impvts.	\$ 317,406.45	\$		\$		\$	317,406.45
Buildings	2,375,065.34						2,375,065.34
Equipment	114,210.34		5,007.90				119,218.24
Total	<u>\$ 2,806,682.13</u>	\$	<u>5,007.90</u>	\$	<u>0.00</u>	\$	<u>2,811,690.03</u>

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

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

Bond payable	<u>\$ 178,909.12</u>
--------------	----------------------

The bonds mature in series annually in varying amounts. All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

Long-term debt is secured by the land and buildings of the entity.

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1995

Changes in long-term debt is as follows:

		<u>Bonds</u>
Balance, beginning of period	\$	190,909.12
Principal retirement		<u>12,000.00</u>
Balance, end of period	\$	<u>178,909.12</u>

Schedule retirements of long-term debt is as follows:

1996	\$	12,000.00
1997		12,000.00
1998		12,000.00
1999		12,000.00
2000		12,000.00
Thereafter	\$	118,909.12

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

CAPITAL PROJECT FUND TYPES  
COMBINING BALANCE SHEET  
DECEMBER 31, 1995

	CIAP Housing Programs	
	CIAP 1993	Total
<b>ASSETS</b>		
Due from:		
Other funds	\$ 159.98	\$ 159.98
<b>Total Assets</b>	\$ 159.98	\$ 159.98
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Total liabilities</b>	0.00	0.00
<b>FUND EQUITY</b>		
Reserved for capital projects	159.98	159.98
<b>Total fund equity</b>	159.98	159.98
<b>Total liabilities and fund equity</b>	\$ 159.98	\$ 159.98



HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

CAPITAL PROJECT FUND TYPES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 DECEMBER 31, 1995

	CIAP Housing Programs	
	CIAP 1993	Total
REVENUES		
Intergovernmental		
Total Revenues	\$ 99,554.96	\$ 99,554.96
EXPENDITURES		
Capital expenditures	99,554.96	99,554.96
Total Expenditures	99,494.53	99,494.53
Excess (deficiency) of revenues over (under) expenditures	60.43	60.43
FUND BALANCE, beginning of year	99.55	99.55
FUND BALANCE, end of year	\$ 159.98	\$ 159.98

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

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

FIDUCIARY FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 1995

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,825.00	\$ 3,825.00
Total Assets	<u>\$ 3,825.00</u>	<u>\$ 3,825.00</u>
<b>LIABILITIES</b>		
Due to tenants	\$ 3,825.00	\$ 3,825.00
Total Liabilities	<u>\$ 3,825.00</u>	<u>\$ 3,825.00</u>

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

## HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

BALANCE SHEET — STATUTORY BASIS  
DECEMBER 31, 1995ANNUAL CONTRIBUTION CONTRACT  
FW — 1255ASSETS

Cash - Exhibit F	\$	55,607.47
Accounts receivable - tenants		3,451.96
Debt amortization funds		25,049.55
Deferred charges		3,654.25
Land, structures and equipment		3,099,633.07
Undistributed debits - ineligible expenditures		110.00
Total Assets	\$	<u>3,187,506.30</u>

LIABILITIES AND SURPLUS

Accounts payable	\$	3,839.34
Accrued liabilities		14,037.16
Deferred credits		125.00
Fixed liabilities		178,909.12
Total Liabilities		<u>196,910.62</u>
Surplus - Exhibit C		<u>2,990,595.68</u>
Total Liabilities and Surplus	\$	<u>3,187,506.30</u>

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE  
STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT  
FW – 1255

	Year Ended
	12-31-95
Operating Income	
Dwelling rental	\$ 66,113.72
Excess utilities	7,843.34
Other income	5,387.59
Total Operating Income - Exhibit D	79,344.65
Operating Expenses	
Administration	29,293.29
Utilities	50,722.97
Ordinary maintenance and operation	50,290.78
General expense	31,484.36
Total Operating Expense - Exhibit D	161,791.40
Net Operating Income (Loss)	(82,446.75)
Other Charges	
Interest on notes and bonds payable	8,060.46
Total Other Charges	8,060.46
Net Loss - Exhibit C	\$ (90,507.21)

## HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

ANALYSIS OF SURPLUS – STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1995ANNUAL CONTRIBUTION CONTRACT  
FW – 1255Unreserved Surplus

Balance per prior audit at 12-31-94	\$	(2,957,844.81)
Net loss for the year ended 12-31-95 - Exhibit B		(90,507.21)
(Provision for) reduction of Operating Reserve for year ended 12-31-95 - Exhibit D		(13,874.35)
Balance at 12-31-95		<u>(3,062,226.37)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 12-31-94		38,162.76
Provision for (reduction of) Operating Reserve for the year ended 12-31-95 - Exhibit D		13,874.35
Balance at 12-31-95 - Exhibit F	\$	<u>52,037.11</u>



## HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

ANALYSIS OF SURPLUS — STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1995ANNUAL CONTRIBUTION CONTRACT  
FW — 1255Cumulative HUD Contributions

Balance per prior audit at 12-31-94	\$	3,277,895.89
Adjustment of notes by HUD		2,263,665.57
Annual contribution for year ended 12-31-95 - Exhibit D		19,991.46
Operating subsidy for year ended 12-31-95		101,329.00
Balance at 12-31-95		<u>5,662,881.92</u>

Cumulative HUD Grants

Balance per prior audit at 12-31-94		238,348.06
Advanced during the year ended 12-31-95		<u>99,554.96</u>
Balance at 12-31-95		<u>337,903.02</u>
Total Surplus - Exhibit A	\$	<u>2,990,595.68</u>

## HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

## COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

## ANNUAL CONTRIBUTION CONTRACT

FW — 1255

	<u>Year Ended</u>
	<u>12-31-95</u>
<u>Computation of Residual Receipts</u>	
<u>Operating Receipts</u>	
Operating Income - Exhibit B	\$ 79,344.65
HUD operating subsidy	101,329.00
Total Operating Receipts	<u>180,673.65</u>
<u>Operating Expenditures</u>	
Operating expenses - Exhibit B	161,791.40
Capital expenditures:	
Replacement of nonexpendable equipment	2,208.00
Property betterments and additions	2,799.90
Total Operating Expenditures	<u>166,799.30</u>
Residual receipts (deficit) per audit	13,874.35
Audit adjustments (backed out)	
Residual receipts per PHA before provision for reserve	13,874.35
(Provision for) or reduction of operating reserve - Exhibit C	<u>(13,874.35)</u>
Residual receipts per PHA	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE  
COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT  
FW — 1255

	<u>Year Ended</u> <u>12-31-95</u>
<u>Computation of Accruing Annual Contributions</u>	
Fixed annual contribution	\$ 19,991.46
Total Annual Contribution - Exhibit C	\$ <u>19,991.46</u>

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE  
STATEMENT OF MODERNIZATION COSTS — UNCOMPLETED  
DECEMBER 31, 1995

		Project 1993
Funds Approved	\$	<u>296,696.00</u>
Funds Expended		<u>287,943.04</u>
Excess of Funds Approved	\$	<u>8,752.96</u>
Funds Advanced	\$	288,103.02
Funds Expended		<u>287,943.04</u>
Excess of Funds Advanced - Exhibit F	\$	<u>159.98</u>

## HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

## ANALYSIS OF GENERAL FUND CASH BALANCE

## ANNUAL CONTRIBUTION CONTRACT

FW - 1255Composition Before Adjustments

## Net operating receipts retained:

Operating reserves - Exhibit C	\$	52,037.11
Ineligible expenditures		(110.00)
Deferred credits		125.00
Excess modernization funds - Exhibit E		159.98
Imbalance at 12-31-89		(362.95)
		<u>51,849.14</u>

## Adjustments

## Expenses/costs not paid:

Accounts payable		3,839.34
Accrued payments in lieu of taxes		7,025.20

## Income not received:

Accounts receivable		<u>(3,451.96)</u>
---------------------	--	-------------------

## General Fund Cash Available

59,261.72

## General Fund Cash:

Applied to deferred charges (prepaid insurance, inventories, etc.)		<u>(3,654.25)</u>
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## General Fund Cash - Exhibit A

\$ 55,607.47



HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 1995

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>CDFA NO.</u>	<u>GRANT ID NO.</u>	<u>AWARD AMOUNT</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Low-Income Housing				
Annual Contribution	14.850	FW- 1255	\$ 19,991.46	\$ 19,991.46
Operating Subsidy	14.850	FW- 1255	101,329.00	101,329.00
NonMajor Program Total 1/			<u>121,320.46</u>	<u>121,320.46</u>
Comprehensive Improvement Assistance Program				
Project 1993	14.852	FW- 1255	99,554.96	99,554.96
NonMajor Program Total			<u>99,554.96</u>	<u>99,554.96</u>
Total HUD			\$ <u>220,875.42</u>	\$ <u>220,875.42</u>

1/ The Department of Housing and Urban Development has guarantees through the Annual Contribution Contract of the Housing Authority of Merryville's bonded indebtedness. This bonded indebtedness was \$ 178,909.12 at December 31, 1995.

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MEMBER  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

MIKE ESTES, CPA/PFS, CFP

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

We have audited the financial statements of the Housing Authority of the Town of Merryville, Louisiana, as of and for the twelve months ended December 31, 1995, and have issued our report thereon dated May 21, 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 financial statements are free of material misstatement. These financial statements were prepared in accordance with accounting principles prescribed by the U. S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Compliance with laws, regulations, contracts, and grants applicable to the Housing Authority of the Town of Merryville, Louisiana is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the 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, our objective 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 herein under *Government Auditing Standards*.

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

*Estes and Associates*

Fort Worth, Texas  
May 21, 1996

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MIKE ESTES, CPA/PFS, CFP

MEMBER  
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PUBLIC ACCOUNTANTS

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

We have audited the financial statements of the Housing Authority of the Town of Merryville, Louisiana, as of and for the twelve months ended December 31, 1995, and have issued our report thereon dated May 21, 1996. These financial statements were prepared in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We have applied procedures to test the Housing Authority of the Town of Merryville, Louisiana's 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 twelve months ended December 31, 1995.

- 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 the Housing Authority of the Town of Merryville, Louisiana 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 & Urban Development. However, this report is a matter of public record, and its distribution is not limited.

*Estes and Associates*

Fort Worth, Texas  
May 21, 1996



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PUBLIC ACCOUNTANTS

MIKE ESTES, CPA/PFS, CFP

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

We have audited the financial statements of the Housing Authority of the Town of Merryville, Louisiana, as of and for the twelve months ended December 31, 1995, and have issued our report thereon dated May 21, 1996. These financial statements were prepared in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In connection with our audit of the financial statements of the Housing Authority of the Town of Merryville, Louisiana, as of and for the twelve months ended December 31, 1995, 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 Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the twelve months ended December 31, 1995. 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; eligibility; reporting; cost allocation; analysis of general fund cash; operating subsidy eligibility; prohibition of the use of lead based paint in construction contracts; and CIAP procurement compliance 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 the Housing Authority of the Town of Merryville, Louisiana, 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 & Urban Development. However, this report is a matter of public record, and its distribution is not limited.

*Estes and Associates*

Fort Worth, Texas  
May 21, 1996

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MEMBER  
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PUBLIC ACCOUNTANTS

MIKE ESTES, CPA/PFS, CFP

Independent Auditors' Report on the Internal  
Control Structure in Accordance with  
Governmental Auditing Standards

We have audited the financial statements of the Housing Authority of the Town of Merryville, Louisiana, as of and for the twelve months ended December 31, 1995, and have issued our report thereon dated May 21, 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 financial statements are free of material misstatement.

The management of the Housing Authority of the Town of Merryville, Louisiana 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 financial statements in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than 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 financial statements of Town of Merryville, Louisiana, for the year ended December 31, 1995, 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 financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the



American Institute of Certified Public Accountants. 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 or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

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

*Estes and Associates*

Fort Worth, Texas

May 21, 1996

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MIKE ESTES, CPA/PFS, CFP

MEMBER  
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PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control  
Structure Used in Administering Federal  
Financial Assistance Programs —  
No Major Programs

We have audited the financial statements of the Housing Authority of the Town of Merryville, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 21, 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 financial statements are free of material misstatement and about whether the Housing Authority of the Town of Merryville, Louisiana complied with laws and regulations, non-compliance with which would be material to a federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1995, we considered the Authority's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Authority's financial statements 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 financial statements in a separate report dated May 21, 1996.

The management of the Housing Authority of the Town of Merryville, Louisiana 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 financial statements in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than 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:

- |  |                                 |
|--|---------------------------------|
| Accounting Controls                          | Administrative Controls         |
| Revenues, receivables, and cash receipts     | Political activity              |
| Procurement, payables, and cash disbursement | Davis-Bacon Act                 |
| Property and equipment                       | Civil rights                    |
| Payroll                                      | Cash management                 |
| Finance, debt, debt service                  | Federal financial reports       |
|  | Allowable costs/Cost principles |
|  | Drug Free Workplace Act         |
|  | Administrative requirements     |
|  | Types of services -             |
|  | allowability                    |
|  | Eligibility                     |
|  | Reporting                       |
|  | Costs allocation                |
|  | Special requirements            |

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 December 31, 1995, the Housing Authority of the Town of Merryville, Louisiana, had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under nonmajor federal financial assistance programs: Low Income Housing, CIAP.

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 have 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 the aforementioned nonmajor programs. 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.

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 constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

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

*Estes and Associates*

Fort Worth, Texas

May 21, 1996

HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 1995

Prior Audit Findings and Questioned Cost

There were no prior audit findings.

Current Audit Findings

None.

Questioned  
Cost



HOUSING AUTHORITY OF THE TOWN OF MERRYVILLE

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

DECEMBER 31, 1995

	ACCT. # FOR AUDIT REPORT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
<1> Project Loan Notes (HUD)	2122	2,070,664.28		2122
Permanent Notes (HUD)	2311	193,001.29		2311
Cumulative HUD Cont.	2840		2,263,665.57	2840

To write off notes due to debt forgiveness by HUD.