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ROLLING AUTHORITY OF THE TOWN OF BRATH  
BRATH, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS REPORTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1999  
WITH SUPPLEMENTAL INFORMATION SCHEDULES

Under provisions of state law, this report is a public document. A copy of it, or any part thereof, may be loaned to the directors, or employees, agents and other municipal public officials. The report is available for public inspection at the State House office of the Legislative Audit for and, where appropriate, at the office of the parish clerk of court.

Release Date 7-8-96

WILLIAM DANIEL MCCASKILL, CPA  
A Professional Member of Certified Public Accountants  
110 SOUTH BIRCH BLVD  
MONROE, LOUISIANA 70401

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**WILLIAM DANIEL MCCASKILL, CPA**

A PROFESSIONAL ACCOUNTING ORGANIZATION

11770 WOODS BLVD  
MONROE, LOUISIANA 70133

Monroe  
and New  
100-10-0000

MEMBER  
Society of Independent CPAs  
American Institute of CPAs

**INDEPENDENT AUDITORS' REPORT**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE TOWN OF ERATH  
ERATH, LOUISIANA 70533

I have audited the accompanying general purpose financial statements of the Housing Authority of The Town of Erath (HAE) as of and for the year ended December 31, 1995, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the HAE's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards: Government Auditing Standards, issued by the U S Comptroller General, and provisions of the Office of Management and Budget (OMB), Circular A-133, Audits of State and Local Governments. These standards and OMB circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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 Erath as of December 31, 1995, and the results of its operations and changes in its surplus for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated June 14, 1996 on my consideration of the

FBA's internal control structure and a report dated June 14, 1988 on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements of the Housing Authority of the Town of North. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole. The accompanying supplemental information is identified as :

A. Supplemental Information Schedules--GAAP basis has been subjected to the procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

B. supplemental information schedules--Regulatory basis, which in an other comprehensive basis of Accounting, has been subjected to the procedures applied in the audit of the general purpose financial statements and, in my opinion, except for the following differences, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole:

Financial Statement Presentation	GARP BASIS	REGULATORY BASIS
Fund Accounting	Used	Not Used
Facilities Acquisition and Construction	Expenditure	Capitalized
Reserve Prior Year Adjustments	Beginning Fund Balance Adjustment	Current Expenditure or Receipt
Receipts from Federal Source	Revenue	Credited to Surplus
Basis of Accounting		
Federal Grants for Capital Projects	Modified Accrual	Cash
Interest Expense	Modified Accrual	Accrual
Loss on Disposition of Equipment	Modified Accrual	Accrual

This report is intended solely for the information and use of the Board of Commissioners of the FMA, and for filing with the Department of HHD and should not be used for any other purpose.

  
 \_\_\_\_\_  
 William Daniel McManis III, CPA  
 a Professional Accounting Corporation

June 14, 1994









**THE HOUSING AUTHORITY OF THE TOWN OF ERATH  
ERATH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS**

Housing Authorities are chartered as a public corporation under the laws (LSA-PS 48:191) of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Erath, Louisiana. This creation was contingent upon the local governing body of the city or parish. The PMA is governed by a five member Board of Commissioners. The members, appointed by the Mayor of Erath, Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PMA for the purpose of assisting the PMA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PMA for the purpose of maintaining this low rent character.

The PMA has the following programs under management:

	ACC Number	Number of Units
PMA Owned Housing	PW-344	58

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the PMA have been prepared in accordance with GAAP as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

GASB Statement Number 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the PMA is legally separate and fiscally independent by being solely accountable for fiscal matters, including (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, (3) fiscal management for controlling the collection and disbursement of funds, (4) authority to issue debt, the PMA is a separate governmental reporting entity. The PMA includes all funds, account groups, activities that are within the oversight responsibility of the PMA.

Certain units of local government over which the PMA exercised an oversight responsibility, such as the school boards, parish police juries, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate entities and issue financial statements separate from those of the PMA.

### **C. FUND ACCOUNTING**

The PMA uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net spendable financial resources.

Funds of the PMA are classified into three categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follows:

**Governmental Funds**--Governmental funds account for all or most of the PMA's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of construction of general fixed assets, and the servicing of general long term debt. Governmental funds include:

1. **General Fund**--the general operating fund of the PMA accounts for all financial resources, except those required to be accounted for in other funds.
2. **Debt Service Fund**--accounts for transactions relating to resources retained and used for the payment of principal and interest on those long term obligations recorded in the general long term obligations account group.
3. **Capital Projects Funds**--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

**Fiduciary Funds**--Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the PMA. Fiduciary funds include:

1. **Tenant Security Deposits**--accounts for assets held by the PMA as an agent for the individual residents. Agency

Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues--Federal entitlements are recorded as unrestricted grants-in-aid when available and measurable. Federal restricted grants are recorded when the reimbursable expenditures have been incurred.

Rental income is recorded in the month earned.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest income on interest bearing demand deposits is recorded each month when credited by the bank to the account.

Substantially all other revenues are recorded when they become available to the DHA.

Expenditures--Salaries are recorded as expenditures when paid.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are purchased.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long term obligations account group.

Principal and interest on general long term debt are recognized when due.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses)--Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long term debt proceeds, and the like) are accounted for as other

financing sources (uses). These other financing sources are recognized at the time the underlying events occur.

**Deferred Revenues**--The PMA reports deferred revenue on its combined Balance sheet. Deferred revenues arise when resources are received by the PMA before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the PMA has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

#### **E. BUDGETS**

The following summarizes the budget activities of the PMA during the fiscal year:

1. The PMA adopted budgets for the General Fund, the Special Revenue Fund and the Capital Projects Funds. The Capital Projects Funds budget comparison to actual has not been included since the cash project is a multiple year endeavor.

2. The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.

3. Encumbrances are not recognized within the accounting records for budgetary purposes.

4. Formal budget integration (within the accounting records) is employed as a management control device.

5. The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function. However, when actual revenues within a fund fail to meet budgeted revenues by 10 or more, a budget amendment is adopted by the PMA in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

#### **F. ENCUMBRANCES**

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

#### **G. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agents. Under state law, the PMA may deposit funds in demand deposits, interest bearing demand deposits, money

market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

#### **H. SHORT TERM INTERFUND RECEIVABLES/PAYABLES**

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

#### **I. INVENTORY**

All purchased inventory items are valued at the lower of cost (first in, first out) or market. Purchased inventories are offset by a fund balance reserve which indicates that these do not constitute "available spendable resources", even though they are a component of total assets.

Acquisition of materials and supplies are accounted for on the purchase method, that is, the expenditure is charged when the items are purchased.

#### **J. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Depreciation has not been provided on general fixed assets.

#### **K. COMPENSATED ABSENCES**

The PMA follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges, computed in accordance with GASB Codification Section 640, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long term obligations account group. Leave benefits are based on accrued leave benefits of employees with 10 years service to a maximum of 20 days at their current annual salary.

#### **L. LONG TERM OBLIGATIONS**

Long term obligations expected to be financed from governmental funds are reported in the general long term obligations account group. Expenditures for principal and interest payments for long term obligations are recognized in the governmental funds when due.

#### M. FUND EQUITY

Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

#### N. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers. Misallocating or non routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

#### O. TOTAL COLUMNS ON COMBINED STATEMENTS

The 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 GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### NOTE 1 -- CASH AND CASH EQUIVALENTS

At December 31, 1998, the PMA has cash and cash equivalents totaling \$87,978.82 as follows:

Interest Bearing Demand Deposits	\$21,886.27
Time Deposits	38,844.38
Petty Cash	8.00
Cash With Fiscal Agent	878.17
Total	\$87,978.82

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the PMA has \$27,484.88 in deposits (collected bank balances). These deposits are secured from risk by \$100,800.00 of federal deposit insurance and 3/4 of pledged

securities held by the custodial bank in the name of the fiscal agent bank (pass category 3). Even though the pledged securities are considered uncollateralized (category 3) under the provisions of GASM Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 30 days of being notified by the FMA that the fiscal agent has failed to pay deposited funds on demand.

#### NOTE 3--RECEIVABLES

The receivables of \$23,303.13 at December 31, 1995 are as follows:

Debt Service Fund:	
Due from HUD	23,303.13

#### NOTE 4--FIXED ASSETS

The changes in general fixed assets are as follows:

Land, Structures & Equipment	
Balance 12-31-94 & 12-31-95	2,057,260.76
CIAP 50% Balance 12-31-95	1,700.00
Net additions	13,597.00
Balance 12-31-95	18,384.00
Total	2,075,644.76

Fixed assets are mortgaged to HUD pursuant to the Annual Contributions contract as collateral for obligations owed to the US government. The building cost includes \$ N/A of ineligible expenditures as determined by HUD.

#### NOTE 5--RETIREMENT SYSTEM

The FMA participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. Through this plan, the FMA provides pension benefits for all of its full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular and full time employees are eligible to participate in the plan on the first day of the month after completing 4 months of continuous or uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 3.0% of each participant's basic compensation. The FMA's contribution for each employee and income allocated to the employee's account are fully vested after 5 years of continuous service. The FMA's contributions and interest forfeited by employees who leave employment before 5 years of service are used to offset future contributions of the FMA.

The FMA's total payroll for fiscal year ended December 31, 1995 was \$35,197.21. The FMA's contributions were calculated using the base salary amount of \$35,197.21. Both the FMA and the covered



employees made the required contributions for the year ended December 31, 1995. Employee contributions to the plan totaled \$1,935.85. The FEA contributions totaled \$2,815.78 for the year ended December 31, 1995.

**NOTE 6--ACCOUNTS PAYABLE**

The payables of \$6,608.00 at December 31, 1995 are as follows:

General Funds:	
Payments in Lieu of Taxes	5,888.00
Texas Prepaid Rents	720.00
Total	\$6,608.00

**NOTE 7--COMPENSATED ABSENCES**

At December 31, 1995, employees of the FEA have accumulated and vested \$4,365.00 of employee leave benefits, which was computed in accordance with GASB Codification Section 688. This amount is not expected to be paid from current available resources; therefore the liability is recorded within general long term obligations account group.

**NOTE 8--CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS**

Agency Funds:	
Texas Security Deposits Balance 12-31-94	5,800.00
Net Deletions	-14.00
Balance 12-31-95	4,886.00

**NOTE 9--CHANGES IN GENERAL LONG TERM OBLIGATIONS**

The following is a summary of the long term obligation transactions of the year ended December 31, 1995:

Compensated Absences:	
Balance 12-31-94	Net Available
Balance 12-31-95	4,365.00

The following notes and bonds are outstanding at December 31, 1995, are HUD guaranteed. Bond principal and interest payable amounts due in the next fiscal year are not available. The individual issues are as follows:

Federal Financing Bank Notes:	
Balance 12-31-94	38,954.49
Principal Reduction	4,495.57
Balance 12-31-95	34,458.92

New Housing Agency Bonds:	
Original Issue Amount	285,000.00
Retirements through 12-31-94	155,484.00
Retirements during the year	4,881.12

Balance 12-31-88	170,862.28
Total Notes and Bonds	152,911.20

(A) Project Notes-Mon HUD are obligations due HUD. The Debt Forgiveness Act of 1985 forgives these notes. PMA's that executed a revised AEC in 1995 have accomplished the debt forgiveness. The PMA has not accrued interest on Project Notes-Mon HUD.

All principal and interest requirements are funded in accordance with Federal law by the annual contributions from the US Department of HUD. At December 31, 1995, the PMA has accumulated \$379.17 in the debt service funds for future debt requirements.

In a reporting departure from GASB, I am not able to disclose Bond and Note principal and interest maturities for the subsequent five years as well as year six through maturity, nor interest rates and maturity dates because the PMA could not locate the amortization schedules.

**NOTE 10--INTERFUND ASSETS/LIABILITIES**

Interfund receivables/payables as December 31, 1995 is as follows:

NONE

**NOTE 11--COMMITMENTS AND CONTINGENCIES**

There is a major construction project at December 31, 1995. As approved by HUD this project is being funded by HUD. Funds are requested periodically as the cost is incurred. Costs incurred on this project and estimated cost to complete these projects totaled \$18,384.00 and \$251,626.00 as of December 31, 1995.

The PMA participates in a number of state and federally assisted grant programs. Although the current grant programs have been audited in accordance with the Single Audit Act of 1994 through December 31, 1995, these programs are still subject to compliance audits. PMA management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Board of Directors of the Trust of Bonds

2020-21

Statement of Assets, Liabilities and Net Worth of the Trust of Bonds  
 for the year ended 31st March 2021

ASSETS

Fixed Assets	1,000.00
Current Assets	1,000.00
<b>Total Assets</b>	<b>2,000.00</b>

Liabilities	
Capital	1,000.00
Reserves	1,000.00
<b>Total Liabilities</b>	<b>2,000.00</b>

Income	100.00
Expenses	(100.00)
<b>Net Income</b>	<b>0.00</b>
<b>Total Income</b>	<b>100.00</b>

See notes to financial statements

Housing Authority of the Town of Erath  
Erath, LA 70633  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
For the year ended December 31, 1993

SCHEDULE 11

All programs are Non Major programs unless otherwise noted.

Program	CFDA NO.	Program Assistance	Program Expenditures
U S Department of Housing and Urban Development			
Direct Programs:			
Low Income Housing	14.850	\$83,406.67	\$83,406.67
CIAP	14.852	15,594.60	15,594.60
		<u>\$98,801.27</u>	<u>\$98,801.27</u>

see notes to financial statements

Housing Authority of the Town of Erath  
Erath, LA 70513  
BALANCE SHEET -- STATUTORY BASIS  
Annual Contributions Contract PW-74a  
December 31, 1986

SCHEDULE III

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ASSETS

Cash	\$20,519.56
Investments	45,545.38
Accounts Receivable	0.00
Debt Amortization Funds	23,877.30
Deferred Charges	400.00
Land, Structures and Equipment	2,875,644.76
TOTAL ASSETS	\$2,145,987.00

LIABILITIES AND SURPLUS

LIABILITIES:	
Accounts Payable	4,905.00
Notes Payable	0.00
Accrued Liabilities	5,093.50
Deferred credits	723.00
Fines Liabilities	182,801.30
TOTAL LIABILITIES	193,519.70
Surplus	2,002,471.32
TOTAL LIABILITIES AND SURPLUS	\$2,145,987.00

see notes to financial statements

## Housing Authority of the Town of Erath

## SCHEDULE IV

Erath, LA 70818

STATEMENT OF INCOME AND EXPENSES--PWA OWNED HOUSING STATUTORY BASIS

Annual Contributions CONTRACT PB-748

For the year Ended December 31, 1988

## OPERATING INCOME:

Dwelling Rental	\$100,410.00
Interest Income	564.79
Other Income	580.64
	-----
Total Operating Income	101,555.43

## OPERATING EXPENSES:

Administration	\$20,515.43
Tenant Services	0.00
Utilities	48,221.02
Ordinary Maintenance and Operations	29,480.00
General Expense	37,346.36
Non-Routine Maintenance	0.00
	-----
Total Operating Expenses	145,562.81
	-----
NET OPERATING DEFICIT	(\$43,907.38)

## OTHER CHARGES:

Interest on Notes and Bonds	\$7,270.32
Prior Period Adjustments Affecting Residual Receipts	0.00
Prior Period Adjustments Not Affecting Residual Receipts	0.00
	-----
TOTAL OTHER CHARGES	7,270.32

## DEFICIT

(\$51,177.71)
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see notes to financial statements

Wearing Authority of the Town of KWEE  
Brath, LA 70533  
ANALYSIS OF SURPLUS -- STATUTORY BASIS  
For the year ended December 31, 1993

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SCHEDULE V

	ACC PW-744
Unreserved Surplus	
Balance Per PMA 12-31-94	(757,398.23)
deficit for the Year ended 12-31-95	(43,371.71)
Provision for Operating Reserve	123,894.61
Balance 12-31-95	(676,875.33)
Reserved Surplus--Operating Reserve	
Balance Per PMA 12-31-94	33,079.63
Provision For Operating Reserve	33,894.61
Balance 12-31-95	66,974.24
Cumulative web contributions:	
Balance Per PMA 12-31-94	2,672,268.76
Annual Contribution Required for 12-31-95	23,419.67
Operating Subsidy For 12-31-95	58,506.00
Contributions for Modernization Activities	15,399.00
Adjustments Recorded During the Audit Period	0.80
Balance 12-31-95	2,773,674.89
Total Surplus 12-31-95	2,096,800.56

see notes to financial statements

**WILLIAM DANIEL MCCASKILL, CPA**

A CERTIFIED PUBLIC ACCOUNTANT

817 E. JONES BLVD.  
CHICAGO, ILLINOIS 60610

Pages  
of the  
Report

None  
Body of Exhibit (S)  
None (Part of (S))

**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL  
CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL  
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE TOWN OF ERATH  
ERATH, LOUISIANA 70533

I have audited the general purpose financial statements of the Housing Authority of The Town of Erath (PHA), as of and for the year ended December 31, 1998, and have issued my report thereon dated June 14, 1998.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the PHA is responsible for establishing and maintaining an internal control structure. In fulfilling that 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 recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles prescribed by HUD. 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 my audit of the general purpose financial statements of the PMA, for the year ended December 31, 1998, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I 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 my judgment, could adversely affect the PMA's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Because of the relatively small number of employees, the general cashier function is not segregated from the subsidiary ledger function, checks are prepared by employees who are not independent of voucher/invoice approval, the purchase function is not performed by personnel independent of receiving and disbursing functions, persons preparing payroll are not independent of other payroll duties, and detail records of fixed assets are not maintained by personnel independent of the general ledger, cash or capital expenditure authorizing functions.

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 errors or irregularities in amounts that would be material in relation to the general purpose 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.

My 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, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

June 14, 1999

William Daniel McEachill, CPA, APAC

WILLIAM DANIEL MCCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION

4179 WOOD LOT  
CHICAGO, ILLINOIS 7401

Chicago  
94 1st  
MO-99-488

MEMO  
Society of Louisiana CPAs  
American Institute of CPAs

**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL  
STRUCTURE USED IN ADMINISTERING FEDERAL  
FINANCIAL ASSISTANCE  
NO MAJOR PROGRAMS**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE TOWN OF ERATH  
ERATH, LOUISIANA 70513

I have audited the general purpose financial statements of the Housing Authority of The Town of Erath (HAE), for the year ended December 31, 1986, and have issued my report thereon dated June 14, 1986.

I conducted our audit in accordance with generally accepted auditing standards: Government Auditing Standards, issued by the Comptroller General of the United States; the Office of Management and Budget (OMB) Circular A-136, Audits of State and Local Governments. These standards and OMB Circular A-136 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit for the year ended December 31, 1986, I considered the internal control structure of the HAE in order to determine my auditing procedures for the purpose of expressing my opinions on the HAE's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-136. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control policies and procedures relative to my audit of the financial statements in a separate report dated June 14, 1986.

The management of the HA 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 HUD 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, 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, I have classified the significant internal control structure policies and procedures used in administering Federal financial assistance programs in the following categories:

**ACCOUNTING CONTROLS:**

REVENUES  
RECEIVABLES  
PURCHASING  
INVESTMENTS  
DISBURSEMENTS  
PAYROLL  
BUDGETARY CONTROL

**ADMINISTRATIVE CONTROLS:**

GENERAL REQUIREMENTS  
POLITICAL ACTIVITY  
DAVIS-BACON ACT  
CIVIL RIGHTS  
CASH MANAGEMENT  
RELOCATION ASSISTANCE & REAL  
PROPERTY ACQUISITION  
FEDERAL FINANCIAL REPORTS  
ALLOWABLE COSTS/ COST  
PRINCIPLES  
EQUAL FREE WORKPLACE ACT  
ADMINISTRATIVE REQUIREMENTS

**SPECIFIC REQUIREMENTS**  
ELIGIBILITY  
REPORTING  
SPECIAL TREATS & PROVISIONS  
TYPES OF SERVICES

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

During the year ended December 31, 1965 the PMA had no major federal financial assistance programs and expended 100% of its total federal financial assistance financial under the following non-major federal financial assistance programs: low income housing and comprehensive improvement Assessment Plan.

I performed tests of controls, as required by OMB A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material non-compliance 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 PMA's non-major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. My procedures were less in scope than would be necessary to render an opinion on internal control structure policy and procedures. Accordingly, I do not express such an opinion.


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

Because of the relatively small number of employees, the general cashier function is not segregated from the subsidiary ledger function. Checks are prepared by employees who are not independent of voucher/invoice approval, the purchase function is not performed by personnel independent of receiving and disbursing functions, persons preparing payroll are not independent of other payroll duties, and detail records of fixed assets are not maintained by personnel independent of the general ledger, cash or capital expenditure authorizing functions.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure element does not reduce to a relatively low level the risk that non-compliance with laws and regulations 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.

My 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, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.



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William Daniel McCoskhill, CPA  
A Professional Accounting Corporation

June 18, 1996

WILLIAM DANIEL MCCASKILL, CPA

A PROFESSIONAL ACCOUNTING ORGANIZATION

1170 JUNE 101  
MONROE, LOUISIANA 70131

teletype  
and fax  
504-835-4888

member  
Society of Certified CPAs  
American Institute of CPAs

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE BASED  
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE TOWN OF ERATH  
ERATH, LOUISIANA 70533

I have audited the general purpose financial statements of the Housing Authority of The Town of Erath (PHA), as of and for the year ended December 31, 1996, and have issued my report thereon dated June 14, 1996.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

The results of my 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 audit committee, management, and HUD and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

June 14, 1996

William Daniel McCaskill, CPA, AFAC

WILLIAM DANIEL MCCASKILL, CPA

A PROFESSIONAL SOCIETY CORPORATION  
MONROE, LOUISIANA 70401

Report  
of the  
88-93-000

1988  
Society of Certified CPAs  
Auditors Institute of CPA's

**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 ERATH  
ERATH, LOUISIANA 70633

I have audited the general purpose financial statements of the Housing Authority of The Town of Erath (HRA), as of and for the year ended 12-31-88, and have issued my report dated 4-14-89.

In connection with my audit of the general purpose financial statements of the HRA, and with my consideration of the HRA's control systems used to administer federal financial assistance programs, as required by OMB A-128, "Audits of State and Local Governments," I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1988. As required by OMB A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost limitations; annual cost adjustments; annual audit inspections; contracts prohibiting the use of lead based paint; procurement actions; analysis of general fund costs; operating subsidy eligibility and claims for advances and reimbursements that are applicable to these transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the HRA's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the HRA had not complied, in all material respects, with those requirements. However, if the results of my procedures disclosed immaterial instances of noncompliance with those requirements, they are described in the accompanying schedule of findings and questioned costs and/or the accompanying Management Letter.

This report is intended for the information of the audit committee, management, and HUD. This restriction is not intended to limit the distribution of this report, which is a matter of public record.  
June 14, 1989

William Daniel McCaskill, CPA, APAC

**WILLIAM DANIEL MCCASKILL, CPA**  
A CERTIFIED ACCOUNTING CORPORATION  
SUITE 200, 4001 EAST 107  
MEMPHIS, MISSISSIPPI 38117

Telephone  
601-885-1111  
601-885-1488

Member  
Fellow of American CPA's  
Member Institute of CPA's

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE  
GENERAL REQUIREMENTS APPLICABLE TO FEDERAL  
FINANCIAL ASSISTANCE PROGRAMS**

**BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE TOWN OF ERATH  
ERATH, LOUISIANA 70533**

I have audited the general purpose financial statements of the Housing Authority of the Town of Erath (HAA), as of and for the year ended December 31, 1998, and have issued my report thereon dated June 14, 1998.

I have applied procedures to test the HAA's compliance with the following requirements applicable to each of its financial assistance programs, which are identified in the schedule of Federal Financial Assistance, for the year ended December 31, 1998.

Political Activity	Federal Financial Report
Devin-Nixon Act	Allowable Costs/ Cost
Civil Rights	Principles
Cash Management	Drug Free Workplace Act
Relocation Assistance and Real Property Acquisition	Administrative Requirements

My procedures were limited to the applicable procedures described in the OMB's Compliance Supplement for Single Audits of State and Local Governments. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the HAA's compliance with the requirements listed in the preceding paragraphs. Accordingly, I 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 my attention that caused me to believe that the HAA had not complied, in all material respects, with those requirements. However, if one of the results of my procedures there were disclosed immaterial instances of noncompliance with those requirements, I described them in the accompanying schedule of findings and questioned costs and/or the accompanying Management Letter.



This report is intended for the information of the audit committee,  
management and SBN. However, this report is a matter of public  
record and its distribution is not limited.

June 14, 1996

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William Gabriel McCaskill, CPA  
A Professional Accounting Corporation

WILLIAM DANIEL MCCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION

100 TRINITY BLDG  
MONROE, LOUISIANA 70501

MEMPHIS  
MEMPHIS  
MEMPHIS

MEMPHIS  
Society of Independent CPAs  
Memphis Institute of CPAs

INDEPENDENT AUDITORS' REPORT ON SCHEDULE  
OF FEDERAL FINANCIAL ASSISTANCE

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE TOWN OF BRATH  
BRATH, LOUISIANA 70533

I have audited the general purpose financial statements of the Housing Authority of The Town of Brath (HBA), as of and for the year ended December 31, 1998, and have issued my report thereon dated June 14, 1999. These financial statements are the responsibility of the HBA's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose 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. I believe that our audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the financial statements of the Housing Authority of The Town of Brath taken as a whole. The accompanying schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

June 14, 1999