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HOUSING AUTHORITY OF THE CITY OF SULPHUR, LOUISIANA

REPORT ON EXAMINATION OF  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED DECEMBER 31, 1996

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 Feb 97

ESTES & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

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In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 1997, on our consideration of the Authority's system of internal control and a report dated February 13, 1997, 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 City of Sulphur, 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.

*Ertes and Associates*

Fort Worth, Texas  
February 13, 1997

HOUSING AUTHORITY OF THE CITY OF SULLYVILLE

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1998

	Statemental Fund Types			Priority Fund Types		Account Groups		Total Membership (City)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fund Assets	General Long-Term Debt	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 97,881.44	\$	\$	\$	\$ 20,428.00	\$	\$	\$ 117,309.44
Investments	277,340.52							277,340.52
Receivables, net of allowances:								
Awards	6,260.15							6,260.15
Other	1,837.29							1,837.29
Due from:								
Other funds	1,800.42	194,084.29						195,884.60
Other governments	1,268.88	12,206.24	17,304.04					21,289.26
Proposed expenditures	13,563.48					6,602,084.85		6,853,211.81
Federal, state and equipment								
Amount to be provided for retirement of general long-term debt							143,004.85	143,004.85
<b>Total Assets</b>	<u>\$ 402,778.29</u>	<u>\$ 198,290.52</u>	<u>\$ 17,304.04</u>	<u>\$ 6.08</u>	<u>\$ 20,428.00</u>	<u>\$ 6,602,084.85</u>	<u>\$ 143,004.85</u>	<u>\$ 7,260,797.68</u>

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

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)  
DECEMBER 31, 1996

	Governmental Fund Types				Proprietary Fund Types			Account Groups		Total (Nonconsumable Only)
	General	Special Revenue	Debt Service	Capital Projects	Total Fund Types	General Fund	Enterprise	Special	Total	
<b>LIABILITIES</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable	8,702.46									8,702.46
Accrued liabilities	8,788.62									8,788.62
Due to:										
Tenants					20,425.00					20,425.00
Other funds	194,094.28	1,408.41								195,502.69
Other governments,		895,708.48								895,708.48
various obligation bonds payable										
and other liabilities										
Total Liabilities	993,573.86	136,624.89	0.00	0.00	20,425.00	0.00	0.00	0.00	183,284.49	1,233,904.24
<b>FUND EQUITY</b>										
Investment in general fund assets										
Fund balances:										
Assigned for debt service			17,384.04							17,384.04
Unassigned	238,794.76	28,393.17								267,187.93
Total Fund Equity	238,794.76	28,393.17	17,384.04	0.00	0.00	0.00	0.00	0.00	0.00	284,572.97
Total Liabilities and Fund Equity	\$ 460,278.25	\$ 995,442.83	\$ 17,384.04	\$ 0.00	\$ 20,425.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 183,284.49	\$ 1,518,477.81

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR

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	\$ 300,813.93	\$	\$	\$	\$ 300,813.93
Intergovernmental	124,891.00	805,097.80	17,135.53	170,240.80	988,464.13
Interest	5,857.29	1,210.59			7,273.88
Other	21,582.10				21,582.10
<b>Total Revenues</b>	<u>453,144.32</u>	<u>806,318.39</u>	<u>17,135.53</u>	<u>170,240.80</u>	<u>1,218,239.04</u>
<b>EXPENDITURES</b>					
Administration	75,210.79	82,567.13			157,777.92
Utilities	88,873.67				88,873.67
Ordinary maintenance	184,837.44				184,837.44
General expenditures	107,854.32				107,854.32
Extraordinary maintenance	28,801.94				28,801.94
Housing assistance payments		593,210.85			593,210.85
Capital expenditures	10,348.05	21,188.80		101,235.82	218,771.67
Debt service:					
Principal retirement			10,268.71		10,268.71
Interest			6,848.82		6,848.82
<b>Total expenditures</b>	<u>607,047.21</u>	<u>694,955.67</u>	<u>17,135.53</u>	<u>181,235.62</u>	<u>1,300,374.03</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,102.89)</u>	<u>(10,721.41)</u>	<u>0.00</u>	<u>(10,893.82)</u>	<u>(41,821.14)</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>234,810.85</u>	<u>55,855.28</u>	<u>17,804.84</u>	<u>10,893.82</u>	<u>319,264.79</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 230,707.96</u>	<u>\$ 38,383.77</u>	<u>\$ 17,804.84</u>	<u>\$ 0.00</u>	<u>\$ 276,897.57</u>

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

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET (QUARTER BASIS) AND ACTUAL  
 GENERAL FUND AND SPECIAL REVENUE FUNDS  
 YEAR ENDED DECEMBER 31, 1994

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
<b>REVENUE</b>						
Fairfax	\$50,391.00	\$50,811.00	\$ 10,149.00	\$	\$	\$ 0.00
Intergovernmental	304,000.00	144,800.00	0.00	685,870.00	686,287.66	12,008.66
Interest	0.00	0.00	0.00	0.00	1,316.00	1,316.00
Other income	5,000.00	21,258.19	15,662.19			0.00
<b>Total Revenues</b>	<b>409,391.00</b>	<b>496,869.19</b>	<b>20,278.19</b>	<b>685,870.00</b>	<b>687,603.66</b>	<b>11,068.24</b>
<b>EXPENDITURES</b>						
Administration	31,000.00	79,318.79	548.79	76,850.00	83,797.12	6,092.12
Utilities	68,000.00	89,879.87	3,120.87			0.00
Capital maintenance	101,250.00	144,337.44	14,707.44			0.00
General expenditures	100,000.00	127,884.32	28,074.82			0.00
Emergency maintenance		28,800.04	28,800.04	570,194.00	580,213.05	11,068.05
Housing assistance payments			0.00			0.00
Capital expenditures	20,000.00	18,248.08	(1,650.00)			0.00
<b>Total Expenditures</b>	<b>420,250.00</b>	<b>467,547.81</b>	<b>11,797.21</b>	<b>685,828.00</b>	<b>684,128.27</b>	<b>30,300.67</b>
	<b>\$ 117,241.00</b>	<b>\$ 149,069.00</b>	<b>\$ 13,462.11</b>	<b>\$ 0.00</b>	<b>\$ 28,709.48</b>	<b>\$ 128,171.43</b>
Excess (deficiency) of revenues over (under) expenditures						
Transfer of net income to unreserved deficit						
<b>FUND BALANCES, beginning of year</b>		<b>\$44,810.66</b>			<b>\$5,068.26</b>	
<b>FUND BALANCES, end of year</b>		<b>\$53,770.78</b>			<b>\$ 9,936.57</b>	

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



HOUSING AUTHORITY OF THE CITY OF SULLY  
 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, 1998

	Debt Service Fund			Capital Projects Fund		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
<b>REVENUES</b>						
Intergovernmental income	\$ 17,158.00	\$ 17,158.00	\$ 0.00	\$770,248.00	\$ 770,248.00	\$ 0.00
Other income			0.00			0.00
Total Revenue	17,158.00	17,158.00	0.00	770,248.00	770,248.00	0.00
<b>EXPENDITURES</b>						
Capital expenditures	12,288.71	12,288.71	0.00	181,209.00	181,209.00	19,000.00
Debt Service	5,869.82	5,869.82	0.00			0.00
Principal retirement interest	12,178.00	12,178.00	0.00	178,290.00	181,209.00	(11,500.00)
Total Expenditures	30,336.53	30,336.53	0.00	359,499.00	362,418.00	(2,919.00)
Excess (deficiency) of revenues over (under) expenditures	\$ (13,178.53)	\$ (13,178.53)	\$ 0.00	\$ 410,749.00	\$ 407,830.00	\$ 2,919.00
Transfer of net income to unassigned debt						
FUND BALANCES, beginning of year		17,304.04			70,000.00	
FUND BALANCES, end of year		\$ 17,304.04			\$ 0.00	

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

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1996

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Sulphur, 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 City of Sulphur, 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, 1996, 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:

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
DECEMBER 31, 1998

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.

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1996

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) Substantive Data

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Peak Housing Program, included in the General Fund, and all Assisted Housing (Section 51) 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 greater approval.

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1996

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 unexpended appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

The original budget has been amended throughout the year to reflect changes in revenue and expenditure estimates.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables. The difference is not considered materially different from generally accepted accounting principles.

(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, 1996.

(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 debiting 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.

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service. The cost of this has not been accrued due to immateriality.

(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

At December 31, 1998, the Authority had invested excess funds as follows:

	<u>Amount</u>
Money Market Account	\$ 291,634.33
Certificate of Deposits	<u>28,312.19</u>
	<u>\$ 277,946.52</u>

Cash and investments are insured as follows:

FDIC Insurance	\$ 226,312.19
Collateralized by pledged securities	<u>188,610.77</u>
	<u>\$ 395,922.96</u>

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

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

## NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1995

## NOTE C - ACTIVITIES OF THE PHA

At December 31, 1995, the PHA was managing 213 units of low-rent in three projects under Program FIV - 907, 67 units of section B existing, and 99 units of Mod Rehab under Program FIV - 2005.

## 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.

## 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 improvements	\$ 2,482,718.45	\$	\$	\$ 2,482,718.45
Buildings	3,804,482.09			3,804,482.09
Equipment	217,503.15	27,287.55		244,790.70
Total	<u>\$ 6,498,187.28</u>	<u>\$ 27,287.55</u>	<u>\$ 0.00</u>	<u>\$ 6,525,494.80</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.

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR

NOTES TO FINANCIAL STATEMENTS  
(Continued)  
DECEMBER 31, 1998

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>Principal Balance</u>
Bond payable	\$ <u>143,054.93</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.

Changes in long-term debt is as follows:

	<u>Bonds</u>
Balance, beginning of period	\$ 153,350.04
Principal retirement	<u>10,295.71</u>
Balance, end of period	\$ <u>143,054.93</u>

Schedule retirements of long-term debt is as follows:

1997	\$ 10,295.71
1998	10,295.71
1999	10,295.71
2000	10,295.71
2001	10,295.71
Thereafter	81,699.88

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



HOUSING AUTHORITY OF THE CITY OF SULPHUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1999

**NOTE G - RETIREMENT PLAN**

The entity provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six-month exclusionary period. The employee contributes 5% and the entity contributes 3% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended December 31, 1999 was \$ 164,796.51. The entity's contributions were calculated using the base salary amount of \$ 142,495.00. Contributions to the plan were \$ 6,544.48 and \$ 11,173.56 by the employee and the entity, respectively.

**NOTE H - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

Long-Term Debt

It is not possible to estimate the fair value of long-term debt owed to the federal government by this governmental entity, a housing authority. The housing authority is unable, by law, to secure long-term financing from any other source. FASB 107 describes fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

**NOTE I - ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS**

The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

HOUSING AUTHORITY OF THE CITY OF SULPHUR

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1998

NOTE 2 - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of these financial statements requires the use of estimates by management. No significant estimates have been made by management that require disclosure.

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR

SPECIAL REVENUE FUND TYPES  
COMPARING BALANCE SHEET  
DECEMBER 31, 1995

Admitted Involuntary Programs

	Existing Units Program	Multiple Residences Program 1	Drug Elimination Program	Total
<b>ASSETS</b>				
Other funds	\$ 12,395.24	\$ 124,084.39	\$	\$ 136,479.63
Other governments				12,395.24
Total Assets	\$ 12,395.24	\$ 124,084.39	\$ 0.00	\$ 136,479.63
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Other funds	\$ 779.58	\$ 126,928.42	\$ 1,564.55	\$ 1,350.43
Other governments				126,708.45
Total liabilities	\$ 779.58	\$ 126,928.42	\$ 1,564.55	\$ 128,672.55
<b>FUND EQUITY</b>				
Retained and undesignated	11,258.28	17,977.84	(1,166.50)	28,069.52
Total fund equity	11,258.28	17,977.84	(1,166.50)	28,069.52
Total liabilities and fund equity	\$ 12,316.24	\$ 144,906.26	\$ 0.00	\$ 157,222.50

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

HOUSING AUTHORITY OF THE CITY OF SULLYBUR

SPECIAL REVENUE FUND TYPES  
 COMPARING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 DECEMBER 31, 1998

	Assisted Housing Programs			
	Existing Units Program	Modernize Housing Program 1	Drug Elimination Program	Total
<b>REVENUE</b>				
Management Interest	\$ 265,944.58	\$ 289,852.77	\$	\$ 555,797.35
	899.47	724.12		1,623.59
<b>Total Revenues</b>	<u>266,844.05</u>	<u>290,576.89</u>	<u>0.00</u>	<u>557,420.94</u>
<b>EXPENDITURES</b>				
Administration	\$7,488.27	48,278.89		55,767.16
Housing assistance payments	275,174.28	269,025.77		544,199.95
Capital expenditures	9,421.32	11,927.17		21,348.49
<b>Total Expenditures</b>	<u>292,083.87</u>	<u>329,231.83</u>	<u>0.00</u>	<u>621,315.70</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,239.82)</u>	<u>(38,654.94)</u>	<u>0.00</u>	<u>(50,894.76)</u>
<b>FUND BALANCE, beginning of year</b>	<u>27,982.81</u>	<u>24,252.64</u>	<u>(1,193.59)</u>	<u>50,041.86</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 15,742.99</u>	<u>\$ 17,597.70</u>	<u>\$ (1,193.59)</u>	<u>\$ 32,147.10</u>

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

HOUSING AUTHORITY OF THE CITY OF BALTIMORE

CAPITAL PROJECT FUND TYPES  
COMBING BALANCE SHEET  
DECEMBER 31, 1999

CMF Housing Programs

	CMF 1991	CMF 1992	Total
<b>ASSETS</b>			
Total Assets	\$ 0.00	\$ 0.00	\$ 0.00
<b>UNREPAID AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Total liabilities	0.00	0.00	0.00
<b>FUND EQUITY</b>			
Total fund equity	0.00	0.00	0.00
Total liabilities and fund equity	\$ 0.00	\$ 0.00	\$ 0.00

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR

CAPITAL PROJECT FUND TYPES  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
DECEMBER 31, 1996

	CMB Housing Programs		
	CMF 1994	CMF 1995	Total
REVENUES			
Intergovernmental	\$ 54,173.00	\$ 118,087.07	\$ 172,260.00
Total Revenues	<u>54,173.00</u>	<u>118,087.07</u>	<u>172,260.00</u>
EXPENDITURES			
Capital expenditures	88,188.75	118,087.07	191,200.82
Total Expenditures	<u>88,188.75</u>	<u>118,087.07</u>	<u>191,200.82</u>
Excess (deficiency) of revenues over (under) expenditures	(34,015.75)	0.00	(34,015.82)
FUND BALANCE, beginning of year	10,860.00		10,860.00
FUND BALANCE, end of year	\$ 0.00	\$ 0.00	\$ 0.00

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

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1998

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	<u>Agency Funds</u>	
	Tenant Security Deposit Funds	Total Fiduciary Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,425.00	\$ 20,425.00
<b>Total Assets</b>	<u>\$ 20,425.00</u>	<u>\$ 20,425.00</u>
<b>LIABILITIES</b>		
Due to tenants	\$ 20,425.00	\$ 20,425.00
<b>Total Liabilities</b>	<u>\$ 20,425.00</u>	<u>\$ 20,425.00</u>

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

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
 FIDUCIARY FUNDS  
 SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS  
 DECEMBER 31, 1996

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$ 19,075.00	\$ 19,075.00
ADDITIONS		
Receipts from tenants	<u>1,350.00</u>	<u>1,350.00</u>
Total Additions	<u>1,350.00</u>	<u>1,350.00</u>
DEPOSIT BALANCES AT END OF YEAR	\$ <u>20,425.00</u>	\$ <u>20,425.00</u>

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



## HOUSING AUTHORITY OF THE CITY OF SULPHUR

BALANCE SHEET — STATUTORY BASIS  
DECEMBER 31, 1998ANNUAL CONTRIBUTION CONTRACT  
PW — 937ASSETS

Cash - Exhibit F	\$	117,979.44
Accounts receivable - tenants		5,390.15
Accounts receivable - HUD - Exhibit D(2) & D(3)		10,289.00
Accounts receivable - HUD - Prior YE settlements		17,299.55
Accounts receivable - other		1,837.29
Investments		277,946.52
Debt amortization funds		17,954.04
Deferred charges		13,589.46
Land, structures and equipment		<u>7,165,912.42</u>
Total Assets	\$	<u>7,829,188.88</u>

LIABILITIES AND SURPLUS

Accounts payable	\$	30,127.48
Accounts payable - HUD - Prior YE settlements		150,566.83
Accrued liabilities		5,766.62
Fixed liabilities		<u>543,064.93</u>
Total Liabilities		729,525.86
Surplus - Exhibit C		<u>7,299,620.96</u>
Total Liabilities and Surplus	\$	<u>7,829,188.88</u>

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
 STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS  
 ANNUAL CONTRIBUTION CONTRACT  
FW — 207

	Year Ended
	12-31-98
Operating Income	
Dwelling rental	\$ 275,199.61
Excess utilities	25,729.92
Interest on general fund investments	5,267.29
Other income	21,582.93
Total Operating Income - Exhibit D(1)	327,780.75
Operating Expenses	
Administration	76,546.49
Utilities	69,873.67
Ordinary maintenance and operation	144,827.44
General expense	107,984.32
Nonroutine maintenance	28,801.94
Total Operating Expense - Exhibit D(1)	428,033.86
Net Operating Income (Loss)	(121,853.11)
Other Credits	
Prior year adjustments - affecting residual receipts	1,238.71
Total Other Credits	1,238.71
Other Charges	
Interest on notes and bonds payable	13,699.64
Total Other Charges	13,699.64
Net Loss - Exhibit C	\$ (134,264.47)

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT

FW – 2008

EXISTING

		<u>Year Ended</u>
		<u>12-31-08</u>
Operating Income		
Interest on general fund investments	\$	<u>592.47</u>
Total Operating Income - Exhibit D(2)		<u>592.47</u>
Operating Expenses		
Administration		36,556.67
Housing assistance payments		270,174.23
Independent public accountant audit costs		<u>631.60</u>
Total Operating Expense - Exhibit D(2)		<u>307,362.50</u>
Net Operating Income (Loss)		<u>(207,070.03)</u>
Net Loss - Exhibit C	\$	<u>(207,070.03)</u>

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT

FW – 2025  
MO. REVENUE

		<u>Year Ended</u>
		<u>12-31-98</u>
Operating Income		
Interest on general fund investments	\$	<u>724.12</u>
Total Operating Income - Exhibit C(3)		<u>724.12</u>
Operating Expenses		
Administration		44,288.85
Housing assistance payments		200,035.77
Independent public accountant audit costs		<u>993.00</u>
Total Operating Expense - Exhibit C(3)		<u>305,314.62</u>
Net Operating Income (Loss)		<u>(304,590.50)</u>
Net Loss - Exhibit C	\$	<u>(304,590.50)</u>

## HOUSING AUTHORITY OF THE CITY OF SULLYBUR

ANALYSIS OF SURPLUS - STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1996ANNUAL CONTRIBUTION CONTRACT  
PW - 907Unreserved Surplus

Balance per prior audit at 12-31-95	\$	(4,151,909.51)
Prior audit adjustments		4,695.46
Net loss for the year ended 12-31-96 - Exhibit B(1)		(134,294.47)
(Provision for) reduction of Operating Reserve for year ended 12-31-96 - Exhibit D(1)		1,922.88
Balance at 12-31-96		<u>(4,279,884.44)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 12-31-95		332,627.29
Provision for (reduction of) Operating Reserve for the year ended 12-31-96 - Exhibit D(1)		(1,922.88)
Balance at 12-31-96 - Exhibit F	\$	<u>330,704.41</u>

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

ANALYSIS OF SURPLUS — STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1996ANNUAL CONTRIBUTION CONTRACT  
FW — 327.Cumulative HUD Contributions

Balance per prior audit at 12-31-95	\$	10,155,369.77
Annual contribution for year ended 12-31-96 - Exhibit D(1)		17,135.53
Operating subsidy for year ended 12-31-96		134,931.00
Balance at 12-31-96		<u>10,307,436.30</u>

Cumulative HUD Grants

Balance per prior audit at 12-31-95		807,242.07
Advances for year ended 12-31-96		<u>170,240.00</u>
Balance at 12-31-96		<u>977,482.07</u>

Cumulative Deposits

Balance per prior audit at 12-31-95		<u>4,931.25</u>
Balance at 12-31-96	\$	<u>4,931.25</u>

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

ANALYSIS OF SURPLUS — STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1996

## ANNUAL CONTRIBUTION CONTRACT

FY — 2006EXISTINGUnreserved Surplus

Balance per prior audit at 12-31-95	\$	(3,527,521.70)
Net loss for the year ended 12-31-96 - Exhibit B(2)		(357,070.06)
(Provision for) reduction of Operating Reserve for year ended 12-31-96 - Exhibit C(2)		10,448.53
(Provision for) reduction of Project Account for year ended 12-31-96 - Exhibit C(2)		<u>(65,645.00)</u>
Balance at 12-31-96		<u>(3,907,790.25)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 12-31-95		21,982.91
Provision for (reduction of) Operating Reserve for the year ended 12-31-96 - Exhibit D(2)		<u>(10,448.53)</u>
Balance at 12-31-96 - Exhibit F	\$	<u>11,534.38</u>

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

ANALYSIS OF SURPLUS — STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1996

## ANNUAL CONTRIBUTION CONTRACT

FY — 2088EXISTINGProject Account

Balance per prior audit at 12-31-95	\$	555,694.44
Provisions for (reduction of) Project Account for the year ended 12-31-96 - Exhibit C(2)		<u>89,845.00</u>
Balance at 12-31-96		<u>607,369.44</u>

Cumulative HUD-Contributions

Balance per prior audit at 12-31-95		3,011,752.29
Annual contribution for year ended 12-31-96 - Exhibit C(2)		<u>306,145.00</u>
Balance at 12-31-96	\$	<u>3,317,897.29</u>



## HOUSING AUTHORITY OF THE CITY OF SULPHUR

ANALYSIS OF SURPLUS — STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1995

## ANNUAL CONTRIBUTION CONTRACT

FW — 2026  
MCD REHABUnreserved Surplus

Balance per prior audit at 12-31-95	\$	(4,069,413.17)
Net loss for the year ended 12-31-95 - Exhibit B(3)		(364,500.55)
(Provision for) reduction of Operating Reserve for year ended 12-31-95 - Exhibit D(3)		68,274.90
(Provision for) reduction of Project Account for year ended 12-31-95 - Exhibit D(3)		<u>(101,569.00)</u>
Balance at 12-31-95		<u>(4,519,797.77)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 12-31-95		34,252.94
Provision for (reduction of) Operating Reserve for the year ended 12-31-95 - Exhibit D(3)		<u>(16,274.90)</u>
Balance at 12-31-95 - Exhibit F	\$	<u>17,977.94</u>

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

ANALYSIS OF SURPLUS - STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1996

## ANNUAL CONTRIBUTION CONTRACT

FW - 205  
MCD. FISHER**Project Account**

Balance per prior audit at 12-31-95	\$	1,695,827.53
Provisions for (reduction of) Project Account for the year ended 12-31-96 - Exhibit D(3)		<u>101,999.00</u>
Balance at 12-31-96		<u>1,593,828.53</u>

**Cumulative HUD Contributions**

Balance per prior audit at 12-31-95		2,534,007.91
Annual contribution for year ended 12-31-96 - Exhibit D(3)		<u>359,923.00</u>
Balance at 12-31-96		<u>2,893,930.91</u>
<b>Total Surplus - Exhibit A</b>	<b>\$</b>	<b><u>7,590,830.06</u></b>

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

## COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT  
PH - 907

	Year Ended
	<u>12-31-99</u>
<b>Computation of Residual Receipts</b>	
<b>Operating Receipts</b>	
Operating income - Exhibit B(1)	\$ 328,458.32
HUD operating subsidy	134,881.00
Prior year adjustments - affecting residual receipts	<u>1,236.71</u>
Total Operating Receipts	<u>464,576.03</u>
<b>Operating Expenditures</b>	
Operating expenses - Exhibit B(1)	458,253.86
Capital expenditures:	
Replacement of nonexpendable equipment	11,281.44
Property betterments and additions	<u>5,087.61</u>
Total Operating Expenditures	<u>468,522.91</u>
Residual receipts (deficit) per audit before provision for reserve	(1,922.88)
Audit adjustments (booked out)	<u>                    </u>
Residual receipts per PHA before provision for reserve	(1,922.88)
(Provision for) or reduction of operating reserve - Exhibit C	<u>1,922.88</u>
Residual receipts per PHA	\$ <u>0.00</u>

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

## COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

## ANNUAL CONTRIBUTION CONTRACT

FY - 98

	<u>Year Ended</u>
	<u>12-31-98</u>
<u>Computation of Accruing Annual Contributions</u>	
Fixed annual contribution	\$ <u>17,135.53</u>
Total Annual Contribution - Exhibit C	\$ <u>17,135.53</u>

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND  
PROJECT ACCOUNT -- OPERATING RESERVE CHANGES  
HOUSING ASSISTANCE PAYMENTS PROGRAM

## ANNUAL CONTRIBUTION CONTRACT

PY - 2005EXISTING

	<u>Year Ended</u>
	<u>12-31-05</u>
Maximum Contribution Available	
Maximum annual contribution authorized	\$ 389,790.00
Project account balance at beginning of fiscal year	523,864.44
Total Annual Contribution Available	<u>913,454.44</u>
Annual Contribution Required	
Housing assistance payments	270,174.28
Administrative fee	34,950.00
Hard-to-lease fee	180.00
Independent public accountant audit costs	621.60
	<u>306,144.88</u>
Project receipts other than annual contribution	
Total Contribution Required - Exhibit C	<u>306,144.88</u>
Excess in Annual Contribution Available	<u>607,309.56</u>
Year-end Settlement	
Annual contribution due for fiscal year	306,146.00
Total partial payments received by PHA for fiscal year	<u>302,951.00</u>
(Over) Under Payment Due (HUD) PHA - Exhibit A	\$ <u>3,194.00</u>

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
 COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND  
 PROJECT ACCOUNT — OPERATING RESERVE CHANGES  
 HOUSING ASSISTANCE PAYMENTS PROGRAM

ANNUAL CONTRIBUTION CONTRACT

FW — 2008  
EXISTING

	<u>Year Ended</u>
	<u>12-31-88</u>
Status of Project Account	
Project account balance at the beginning of fiscal year	\$ 523,884.44
Increase (decrease) during fiscal year - Exhibit C	<u>83,645.00</u>
	<u>607,529.44</u>
Provision for Operating Reserve	
Operating receipts	982.47
Operating income - Exhibit B(2)	306,144.88
Annual contributions earned	<u>306,737.35</u>
Operating Expenditures	
Operating expenses - Exhibit B(2)	907,882.55
Replacement of nonexpendable equipment	<u>9,521.23</u>
	<u>917,403.78</u>
Residual receipts (deficit)	(10,446.53)
(Provision for) reduction of operating reserve - Exhibit C	<u>10,446.53</u>
Residual receipts (deficit) after provision for operating reserve	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
 COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND  
 PROJECT ACCOUNT — OPERATING RESERVE CHANGES  
 HOUSING ASSISTANCE PAYMENTS PROGRAM

ANNUAL CONTRIBUTION CONTRACT

FW — 2000  
MOO BEH&S

		Year Ended
		12-31-00
Maximum Contribution Available		
Maximum annual contribution authorized	\$	451,952.00
Project account balance at beginning of fiscal year		1,535,827.53
Total Annual Contribution Available		1,987,779.53
Annual Contribution Required		
Housing assistance payments		320,086.77
Administrative fee		38,927.90
Independent public accountant audit costs		990.00
		359,993.77
Project receipts other than annual contribution		_____
Total Contribution Required - Exhibit C		359,993.77
Excess In Annual Contribution Available		1,627,785.76
Year-end Settlement		
Annual contribution due for fiscal year		359,993.00
Total partial payments received by PHA for fiscal year		352,178.00
(Over) Under Payment Due (HUD) PHA - Exhibit A	\$	7,815.00

## HOUSING AUTHORITY OF THE CITY OF SULPHUR

COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND  
PROJECT ACCOUNT - OPERATING RESERVE CHANGES  
HOUSING ASSISTANCE PAYMENTS PROGRAM

## ANNUAL CONTRIBUTION CONTRACT

FY - 2005  
MOI REHAS

	<u>Year Ended</u>
	<u>12-31-05</u>
Status of Project Account	
Project account balance at the beginning of fiscal year	\$ 1,636,627.63
Increase (decrease) during fiscal year - Exhibit C	<u>131,898.00</u>
	<u>1,837,626.63</u>
Provision for Operating Reserve	
Operating receipts	724.12
Operating income - Exhibit B(2)	<u>358,952.77</u>
Annual contributions earned	358,979.89
Operating Expenditures	
Operating expenses - Exhibit B(3)	365,314.62
Replacement of nonexpendable equipment	<u>11,837.17</u>
	<u>376,951.79</u>
Residual receipts (deficit)	(14,274.90)
(Provision for) reduction of operating reserve - Exhibit C	<u>14,274.90</u>
Residual receipts (deficit) after provision for operating reserve	\$ <u>0.00</u>



HOUSING AUTHORITY OF THE CITY OF SULPHUR  
 STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
 ANNUAL CONTRIBUTION CONTRACT  
PW - 887

1. The Actual Modernization Costs of are as follows:

		<u>Project 1994</u>
Funds Approved	\$	340,000.00
Funds Expended		<u>340,000.00</u>
Excess of Funds Approved	\$	<u>0.00</u>
Funds Advanced	\$	340,000.00
Funds Expended		<u>340,000.00</u>
Excess of Funds Advanced	\$	<u>0.00</u>

2. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated June 5, 1990 accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
 STATEMENT OF MODERNIZATION COSTS — UNCOMPLETED  
 DECEMBER 31, 1995

		Project 1995
Funds Approved	\$	<u>193,000.00</u>
Funds Expended		<u>116,067.07</u>
Excess of Funds Approved	\$	<u>76,932.93</u>
Funds Advanced	\$	116,067.00
Funds Expended		<u>116,067.00</u>
Excess of Funds Advanced	\$	<u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
 ANALYSIS OF GENERAL FUND CASH BALANCE  
 ANNUAL CONTRIBUTION CONTRACT  
FW - 907

Composition Before Adjustments:	
Net operating receipts retained:	
Operating reserves - Exhibit C	\$ 289,216.73
Fund imbalance	0.38
Deficient drug funds	<u>(1,190.56)</u>
	288,026.55
Adjustments	
Expenses/costs not paid:	
Accounts payable	180,514.37
Accrued payments in lieu of taxes	5,799.62
Income not received:	
Accounts receivable	<u>(25,863.10)</u>
General Fund Cash Available	403,506.42
General Fund Cash:	
Invested	(277,946.50)
Applied to deferred charges (prepaid insurance, inventories, etc.)	<u>(113,583.48)</u>
General Fund Cash - Exhibit A	\$ <u>117,976.44</u>

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 YEAR ENDED DECEMBER 31, 1996

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	GRANT ID NO.	AWARD AMOUNT	PROGRAM EXPENDITURES	
U.S. Department of Housing and Urban Development					
Direct Programs:					
Low-Income Housing					
Annual Contribution	14.650	PW- 907	17,128.53	\$ 17,128.53	17
Operating Subsidy	14.650	PW- 907	<u>134,991.00</u>	<u>134,991.00</u>	
NonMajor Program Total			<u>152,128.53</u>	<u>152,128.53</u>	
Section 8/Hap -					
Existing	14.156	PW- 2096	306,145.00	306,145.00	
Moderate Rehab	14.156	PW- 2096	<u>359,953.00</u>	<u>359,953.00</u>	
Major Program Total			<u>666,098.00</u>	<u>666,098.00</u>	
Comprehensive Improvement Assistance Program					
Project 1994	14.652	PW- 907	54,172.93	54,172.93	
Project 1995	14.652	PW- 907	<u>116,067.07</u>	<u>116,067.07</u>	
NonMajor Program Total			<u>170,240.00</u>	<u>170,240.00</u>	
Total HUD			<u>\$ 988,464.53</u>	<u>\$ 988,464.53</u>	

17 The Department of Housing and Urban Development has guarantees through the Annual Contribution Contract of the Housing Authority of Sulphur's bonded indebtedness. This bonded indebtedness was \$ 143,064.03 at December 31, 1996.

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AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

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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 City of Sulphur, Louisiana, as of and for the twelve months ended December 31, 1996, and have issued our report thereon dated February 13, 1997.

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.

Compliance with laws, regulations, contracts, and grants applicable to the Housing Authority of the City of Sulphur, 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 each provision. 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  
February 13, 1997

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**Independent Auditor's Opinion on Compliance with  
Specific Requirements Applicable to Major  
Federal Financial Assistance Programs**

We have audited the financial statements of the Housing Authority of the City of Sulphur, Louisiana, as of and for the twelve months ended December 31, 1996, and have issued our report thereon dated February 13, 1997.

We have also audited the Housing Authority of the City of Sulphur, Louisiana's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; analysis of general fund cash; operating subsidy eligibility; fair market rent ceiling on housing assistance payments; rent reasonableness; housing quality standards property inspections; and annual rent adjustment limits that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the twelve months ended December 31, 1996. The management of the Housing Authority of the City of Sulphur, Louisiana, is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, "Audit 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Housing Authority of the City of Sulphur, Louisiana complied, in all material respects, with the requirements referred to in the second paragraph that are applicable to each of its major federal financial assistance programs for the twelve months ended December 31, 1996.

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  
February 13, 1987

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**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 City of Sulphur, Louisiana, as of and for the twelve months ended December 31, 1996, and have issued our report thereon dated February 13, 1997.

We have applied procedures to test the Housing Authority of the City of Sulphur, 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, 1996.

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

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

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

February 13, 1987

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HOUSING AUTHORITY OF THE CITY OF SULPHUR, LOUISIANA

Independent Auditor's 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 City of Sulphur, Louisiana, as of and for the twelve months ended December 31, 1996, and have issued our report thereon dated February 13, 1997.

In connection with our audit of the financial statements of the Housing Authority of the City of Sulphur, Louisiana, as of and for the twelve months ended December 31, 1996, and with our consideration of the Authority's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget 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, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; analysis of general fund costs; operating subsidy eligibility; prohibition of the use of lead based paint in construction contracts; and CMAP procurement compliance that are applicable to these 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 City of Sulphur, 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  
February 13, 1997

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MEMO  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

MEMO DATE: 01/01/97

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 City of Sulphur, Louisiana, as of and for the twelve months ended December 31, 1996, and have issued our report thereon dated February 19, 1997.

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 City of Sulphur, 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 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 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 City of Sulphur, Louisiana, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the 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  
February 13, 1997

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

We have audited the financial statements of the Housing Authority of the City of Sulphur, Louisiana, as of and for the year ended December 31, 1986, and have issued our report thereon dated February 13, 1987. We have also audited the Housing Authority of the City of Sulphur, Louisiana's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated February 13, 1987.

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." These 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 City of Sulphur, Louisiana complied with laws and regulations, non-compliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1986, 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 on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated February 13, 1987.

The management of the Housing Authority of the City of Sulphur, Louisiana is responsible for establishing and maintaining 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 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 City of Sulphur, Louisiana expended 67 percent of its total federal financial assistance under major federal financial assistance programs: Section 8 HAP.

We performed tests of controls, as required by OMB Circular A-109, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Authority's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

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  
February 13, 1997

HOUSING AUTHORITY OF THE CITY OF SULPHUR  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 1966

Prior Audit Findings and Questioned Costs

There were no prior audit findings.

Current Audit Findings

None.

Questioned  
Cost



## HOUSING AUTHORITY OF THE CITY OF SULPHUR

## SCHEDULE OF ADJUSTING JOURNAL ENTRIES

DECEMBER 31, 1998

	ACCT. # FOR AUDIT REPORT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
*1>	Bonds Retired	2342	16,285.71	2342
	Interest	5810	5,849.52	6020
	HAB Annual Contr. Rev.	1176		1176
			17,135.23	

To record principal and interest on bonds for 1998.