

4070

OFFICIAL
FILE COPY

DO NOT SIGN OR

DATE REVISIONS
MADE FROM THIS
COPY AND PLACE
DATE THEREIN

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE, LOUISIANA

REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED MARCH 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, and to 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.

APR 27 1997

Release Date _____

ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	EXHIBIT	PAGE
ACCOUNTANTS REPORT		1 - 2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)		
Combined Balance Sheet - All Fund Types and Account Groups		3 - 4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types		5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund and Special Revenue Funds		6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Debt Service and Capital Projects Funds		7
Notes to Financial Statements		8 - 16
Special Revenue Fund Types - Combining Balance Sheet		17
Special Revenue Fund Types - Combining Statement of Revenues, Expenditures and Changes in Fund Balances		18
Capital Project Fund Types - Combining Balance Sheet		19
Capital Project Fund Types - Combining Statement of Revenues, Expenditures and Changes in Fund Balances		20
Fiduciary Funds - Combining Balance Sheet		21
Fiduciary Funds - Schedule of Changes in Deposits Due to Others		22

TABLE OF CONTENTS (Continued)

	<u>EXHIBIT</u>	<u>PAGE</u>
SUPPLEMENTARY INFORMATION		
Balance Sheet — Statutory Basis	A	23 - 26
Statement of Income and Expenses — Statutory Basis	B	27 - 32
Analysis of Surplus — Statutory Basis	C	33 - 42
Computation of Residual Receipts and Accounting Annual Contribution	D	43 - 50
Statement of Modernization & Costs	E	51 - 54
Analysis of General Fund Cash Balance	F	55 - 56
General Comments		57 - 59
Schedule of Federal Financial Assistance		59
Independent Auditors' Compliance Report Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		60
Independent Auditors' Opinion on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs		61 - 62
Independent Auditors' Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs		63 - 64
Independent Auditors' Report on Compliance with Specific Requirements Applicable to Non-Major Federal Financial Assistance Programs		65
Independent Auditors' Report on the Internal Control Structure in Accordance with Governmental Auditing Standards		66 - 67
Independent Auditors' Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs		68 - 70
Schedule of Findings and Questioned Costs		71 - 72
Adjusting Journal Entries		73

OSTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
4800 AIRPORT FREEWAY, SUITE 200
FREETOWN, TEXAS 77607

817-339-9900
FAX 817-339-9900
P.O. BOX 164000

MEMBER
FEDERAL BUREAU OF INVESTIGATION
PUBLIC ACCOUNTANTS

MEMBER CPAS, CPA, CMA

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

Board of Commissioners
Housing Authority of the
City of Natchitoches
Natchitoches, Louisiana

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

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Housing Authority of the City of Natchitoches, Louisiana (the Authority) as of March 31, 1997, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." These standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Natchitoches, Louisiana as of March 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Housing Authority of the City of Natchitoches, Louisiana as of March 31, 1997, and the results of operations of such funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 15, 1997, on our consideration of the Authority's system of internal control and a report dated August 15, 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 Natchitoches, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly stated in all material aspects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

Estes and Associates

Fort Worth, Texas
August 15, 1997

HOUSING AUTHORITY OF THE CITY OF WATCHITOCHEE
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 MARCH 31, 1997

	Governmental Fund Types				Specialty Fund Types		Allied Services		Total (Memorandum Only)
	General	Special Revenues	Debt Service	Capital Projects	Trust and Agency	General Fund Assets	General Long-Term Debt		
455675									
Cash and cash equivalents	\$ 127,893.00	\$ 749,007.00	\$	\$	\$ 38,284.00	\$	\$	\$	\$ 411,098.00
Investments	450,852.00								680,872.00
Receivables, net of allowance:									
Rentals	11,812.00								11,812.00
Other	28,340.00								28,340.00
Due from:									
Other funds	11,200.00			48,264.00					59,464.00
Other governments	19,300.00	379,468.00							398,768.00
Federal expenditures	85,140.00				14,007,200.00				14,092,340.00
Property plant and equipment							2,838,000.00		2,838,000.00
Amount to be provided for retirement of general long-term debt							\$ 2,838,000.00		\$ 2,838,000.00
Total Assets	\$ 680,000.00	\$ 749,508.00	\$ 0.00	\$ 48,264.00	\$ 14,045,484.00	\$ 14,045,484.00	\$ 2,838,000.00	\$ 17,581,232.00	\$ 17,581,232.00

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

HOUSING AUTHORITY OF THE CITY OF WATKINSON

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
MARCH 31, 1997

	Governmental Fund Types			Proprietary Fund Types			Account Groups			Total (Major Accounts Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fund Assets	General Long-Term Debt			
LIABILITIES	\$ 60,358.08	\$	\$	\$	\$	\$	\$	\$	\$ 60,358.08	
Accounts payable	84,270.08								84,270.08	
Accrued liabilities										
Due to:										
Trusts					38,000.00				38,000.00	
Other Funds	11,250.00								11,250.00	
Other components	120,762.00								120,762.00	
Deferred revenues	98,817.00								98,817.00	
General obligation bonds payable and other liabilities							2,000,000.00		2,000,000.00	
Total liabilities	371,254.08	231,857.00	0.00	0.00	38,000.00	0.00	2,000,000.00	0.00	3,071,311.08	
FUND EQUITY										
Investment in general fund assets						14,237,208.08			14,237,208.08	
Fund balances:										
Reserved for capital projects				46,284.00					46,284.00	
Reserved for debt service		278,600.00							278,600.00	
Unreserved:										
Undesignated	492,653.08	60,750.00							553,403.08	
Total Fund Equity	492,653.08	60,750.00	278,600.00	46,284.00	0.00	14,237,208.08	0.00	0.00	14,865,195.00	
Total Liabilities and Fund Equity	\$ 863,478.08	\$ 292,607.00	\$ 278,600.00	\$ 46,284.00	\$ 38,000.00	\$ 14,237,208.08	\$ 2,000,000.00	\$ 0.00	\$ 17,304,334.00	

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 1997**

	Governmental Fund Types				Total (Interjurisdictional City)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES					
Rentals	\$ 763,875.00	\$	\$	\$	\$ 763,875.00
Intergovernmental	408,512.00	1,075,304.00	270,212.00	636,738.00	2,480,879.00
Interest	22,142.00	4,048.00			26,190.00
Other	88,885.00				88,885.00
Total Revenues	<u>1,283,414.00</u>	<u>1,079,352.00</u>	<u>270,212.00</u>	<u>636,738.00</u>	<u>3,269,716.00</u>
EXPENDITURES					
Administration	559,010.00	180,800.00			739,810.00
Utilities	12,007.00				12,007.00
Ordinary maintenance	353,879.00				353,879.00
Tenant services	119.00				119.00
General expenditures	280,426.00				280,426.00
Extraordinary maintenance	18,007.00				18,007.00
Flowing assistance payments		917,985.00			917,985.00
Capital expenditures	9,203.00			642,044.00	651,247.00
Debt service:					
Principal retirement			135,903.00		135,903.00
Interest			135,345.00		135,345.00
Total expenditures	<u>1,324,251.00</u>	<u>1,219,785.00</u>	<u>268,248.00</u>	<u>642,044.00</u>	<u>3,283,419.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,163.00</u>	<u>559.00</u>	<u>2,964.00</u>	<u>(5,306.00)</u>	<u>76,580.00</u>
OTHER FINANCED SOURCE(S) (LOSS)					
Operating transfers in					0.00
Operating transfers out					0.00
Total other financing sources (loss)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE, beginning of year	<u>412,769.00</u>	<u>70,214.00</u>	<u>274,988.00</u>	<u>51,878.00</u>	<u>750,849.00</u>
FUND BALANCE, end of year	<u>\$ 492,095.00</u>	<u>\$ 70,773.00</u>	<u>\$ 278,952.00</u>	<u>\$ 46,572.00</u>	<u>\$ 829,313.00</u>

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

HOUSING AUTHORITY OF THE CITY OF WATCHITOCHEE
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL FUND AND SPECIAL REVENUE FUNDS
 YEAR ENDED MARCH 31, 1997

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Fairly	\$ 180,974.00	\$ 164,815.00	\$ (17,000.00)	\$	\$	\$ 0.00
Intergovernmental	476,281.00	480,813.00	4,532.00	1,140,805.00	1,875,094.00	897,571.00
Interest	10,843.00	22,144.00	11,301.00		4,008.00	4,008.00
Other income	30,000.00	60,000.00	30,000.00			0.00
Total Revenues	1,088,117.00	1,267,812.00	179,695.00	1,140,805.00	1,879,102.00	882,582.00
EXPENDITURES						
Administration	584,612.00	593,011.00	8,399.00	100,000.00	100,000.00	(1,942.00)
Utilities	12,000.00	14,000.00	2,000.00			0.00
Courtesy maintenance	267,261.00	269,079.00	1,818.00			0.00
Tenant services	4,000.00	11,900.00	7,900.00			0.00
General expenditures	281,200.00	286,428.00	5,228.00	150,074.00		0.00
Subsidiary maintenance	36,000.00	18,000.00	(18,000.00)			0.00
Housing assistance payments				875,289.00	875,289.00	(82,384.00)
Capital expenditures	10,000.00	8,000.00	(2,000.00)			0.00
Total Expenditures	1,200,083.00	1,274,221.00	74,138.00	1,140,805.00	1,879,102.00	(84,337.00)
Excess (deficiency) of revenues over (under) expenditures	\$ 88,034.00	\$ (6,409.00)	\$ (94,443.00)	\$ 0.00	\$ (6,409.00)	\$ (6,409.00)
Transfer of net income to unreserved deficit						
FUND BALANCES, beginning of year		493,790.00			16,514.00	
FUND BALANCES, end of year		\$ 487,381.00			\$ 10,105.00	

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

HOUSING AUTHORITY OF THE CITY OF MATCHLESS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
DEBT SERVICE AND CAPITAL PROJECTS FUNDS
YEAR ENDED MARCH 31, 1987

	Debt Service Fund			Capital Projects Funds			Over (Under) Budget
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget	
REVENUES							
Intergovernmental	\$270,212.00	\$270,212.00	\$ 0.00	\$636,738.00	\$636,738.00	\$ 0.00	
Total Revenues	270,212.00	270,212.00	0.00	636,738.00	636,738.00	0.00	
EXPENDITURES							
Capital expenditures	130,000.00	130,000.00	0.00	640,944.00	640,944.00	(\$ 200.00)	
Debt Service:							
Principal retirement	138,368.00	138,368.00	0.00				0.00
Interest	161,640.00	161,640.00	0.00	640,738.00	640,944.00	(\$ 206.00)	
Total Expenditures	430,008.00	430,008.00	0.00	1,281.00	1,281.00	0.00	
Excess (deficiency) of revenues over (under) expenditures	\$ 160,204.00	\$ 160,204.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Transfer of net income to invested debt		274,008.00					\$1,570.00
FUND BALANCES, beginning of year		\$274,008.00					\$ 48,288.00
FUND BALANCES, end of year							

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1987

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Natchitoches, 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-cost 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 Natchitoches, Louisiana. Each member serves a two-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 March 31, 1987, 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 NATCHITOCHEE

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(2) 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 HATCHITOCHEE

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1997

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) **Subsidiary Data**

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

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

NOTES TO FINANCIAL STATEMENTS

(Continued)
MARCH 31, 1997

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 circumstances. The Board and HUD must approve fund appropriation increases. Any unused appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

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 March 31, 1997.

(8) Interfund Transactions

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

(9) General Fixed Assets

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

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1997

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 those 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 March 31, 1997, the Authority had invested excess funds as follows:

	<u>Amount</u>
Money Market Account	\$ 14,446.00
Certificate of Deposits	426,375.00
	<u>\$ 440,821.00</u>

Cash and investments are insured as follows:

FDIC Insurance	\$ 431,215.00
Collateralized by pledged securities	426,345.00
	<u>\$ 857,560.00</u>

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

NOTES TO FINANCIAL STATEMENTS
(Continued)
MARCH 31, 1987

NOTE C - ACTIVITIES OF THE PHA

At March 31, 1987, the PHA was managing 410 units of low-rent in five projects under Program FW - 2009, 267 units of section 8 existing and 55 units of Mod Rehab under Program FW - 2007, 134 units of section 8 vouchers under Program FW - 2020, and 50 units of section 8 new construction.

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 impts. & buildings	\$ 12,203,175.00	\$ 1,708,110.00	\$	\$ 13,911,284.80
Equipment	<u>528,887.00</u>	<u>8,233.00</u>		<u>537,120.00</u>
Total	\$ <u>12,732,062.00</u>	\$ <u>1,717,343.00</u>	\$ <u>0.00</u>	\$ <u>14,449,404.80</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 NATCHITOCHES

NOTES TO FINANCIAL STATEMENTS
(Continued)
MARCH 31, 1997

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>Principal Balance</u>
Bond payable	\$ 2,630,000.00

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	\$ 2,780,000.00
Principal retirement	<u>150,000.00</u>
Balance, end of period	\$ <u>2,630,000.00</u>

Schedule retirements of long-term debt is as follows:

1997	\$ 150,000.00
1998	150,000.00
1999	150,000.00
2000	150,000.00
2001	150,000.00
Thereafter	1,080,000.00

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

HOUSING AUTHORITY OF THE CITY OF MATCHITOCHEE

NOTES TO FINANCIAL STATEMENTS
(Continued)
MARCH 31, 1997

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 6.5 % and the entity contributes 8 % 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 8 years of participation.

Contributions to the plan were \$ 20,408 and \$ 29,202 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 167 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 NATCHITOCHEE

NOTES TO FINANCIAL STATEMENTS
(Continued)
MARCH 31, 1997

NOTE J - 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.

NOTE K - SECTION EIGHT NEW CONSTRUCTION - FAIRGROUNDS ROAD PROPERTY

There are fifty units of Section Eight New Construction reported on in this audit as the Fairgrounds Road property. This property was at inception a bond financed Section Eight subsidized low income housing project.

The Natchitoches Housing Authority authorized the issuance of the bonds through the Fairgrounds Road Housing Corporation (the Corporation).

In November 1996 the fixed assets and remaining bonds payable were transferred by the Corporation to the Fairgrounds Road Redevelopment Partnership, LLP (the Partnership). A non-profit Section 501(c)(3) entity, the Natchitoches Housing Corporation is a general partner. The Natchitoches Housing Authority (the Corporation) was the original limited partner.

According to PHA management, the purpose of this transfer is for the limited partner to sell low income tax credits. The payment to the partnership for the credits will be used to rehabilitate the property. According to PHA management, the Louisiana State Financing Agency has approved the Partnership's issuance of housing tax credits.

Outside legal counsel of Washington D.C. advised the Authority that a Transfer of Physical Assets from the PHA (through the Corporation) to the Partnership did not need to be done. Counsel also advised that prior permission to transfer the assets did not need to be obtained from HUD, but that HUD needed to be notified of the transfer of the HAP contract. Due to an oversight, per Management, HUD was not notified earlier. See Audit finding #2.

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

SPECIAL REVENUE FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MARCH 31, 1997

	Approved Housing Programs				Total
	Existing Units Programs	Midstate Renovation Program 1	Searcher Programs	Total	
REVENUES					
Intergovernmental	\$ 594,300.00	\$ 554,140.00	\$ 286,798.00	\$ 1,435,238.00	
Interest	2,851.00		1,828.00	4,679.00	
Total Revenues	<u>597,151.00</u>	<u>554,140.00</u>	<u>288,626.00</u>	<u>1,439,917.00</u>	
EXPENDITURES					
Administration	189,448.00	7,376.80	80,872.00	367,696.80	
Housing assistance payments	989,819.00	92,340.80	259,548.00	1,341,707.80	
Total Expenditures	<u>1,179,267.00</u>	<u>99,717.60</u>	<u>340,420.00</u>	<u>1,619,404.60</u>	
Excess (deficiency) of revenues over (under) expenditures	(582,116.00)	(45,577.60)	(151,794.00)	(779,487.60)	
Funds available, beginning of year	5,873.00	(4,424.80)	9,998.00	13,446.20	
FUND BALANCE, end of year	<u>\$ 2,757.00</u>	<u>\$ 1,000</u>	<u>\$ 7,804.00</u>	<u>\$ 13,761.00</u>	

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

HOUSING AUTHORITY OF THE CITY OF NANTUCKET
 CAPITAL PROJECT FUND TYPES
 COMBINING BALANCE SHEET
 MARCH 31, 1997

	Camp Grant, Development, and Drug Programs					Total
	DAUG PROGRAMS	COMP GRANT 1995	COMP GRANT 1996	COMP GRANT 1997	DRUG	
ASSETS						
Due from:						
Other funds	\$ 62,189.00	\$	\$	\$	\$ 2,898.00	\$ 65,147.00
Total Assets	\$ 62,189.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,898.00	\$ 65,147.00
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Due to:						
Other funds	0.00	0.00	0.00	0.00	0.00	0.00
Total liabilities	0.00	0.00	0.00	0.00	0.00	0.00
FUND EQUITY						
Assessed for rental projects	62,189.00				2,898.00	65,147.00
Total fund equity	62,189.00	0.00	0.00	0.00	2,898.00	65,147.00
Total liabilities and fund equity	\$ 62,189.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,898.00	\$ 65,147.00

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES
 CAPITAL PROJECT FUND TYPES
 COMPARING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 MARCH 31, 1997

	Comp Grant, Development, and Drug Programs					Total
	REGS PROGRAMS	COMP GRANT 1995	COMP GRANT 1996	COMP GRANT 1996	DRY 1	
REVENUES						
Intergovernmental	\$ 200,454.00	\$ 200,781.00	\$ 181,800.00	\$ 36,948.00	\$	\$ 620,739.00
Total Revenues	200,454.00	200,781.00	181,800.00	36,948.00	0.00	620,739.00
EXPENDITURES						
Administration	186,000.00	207,749.00	187,607.00	55,428.00		736,884.00
Capital expenditures	186,000.00	207,749.00	187,607.00	55,428.00	0.00	736,884.00
Total Expenditures	186,000.00	415,498.00	375,214.00	110,856.00	0.00	1,087,608.00
Excess (deficiency) of revenues over (under) expenditures	41,854.00	4,993.00	4,193.00	2,092.00	2,000.00	47,132.00
FUND BALANCE, beginning of year	\$ 62,450.00	\$	\$	\$ (70,800.00)	\$ 2,000.00	\$ 4,650.00
FUND BALANCE, end of year						\$ 51,782.00

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 1997

	Agency Funds	
	Tenant Security Deposit Funds	Total Fiduciary Funds
ASSETS		
Cash and cash equivalents	\$ 38,001.00	\$ 38,001.00
Total Assets	\$ 38,001.00	\$ 38,001.00
LIABILITIES		
Due to tenants	\$ 38,001.00	\$ 38,001.00
Total Liabilities	\$ 38,001.00	\$ 38,001.00

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES
 FIDUCIARY FUNDS
 SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS
 MARCH 31, 1987

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$ 34,204.00	\$ 34,204.00
ADDITIONS		
Receipts from tenants	<u>3,797.00</u>	<u>3,797.00</u>
Total Additions	<u>3,797.00</u>	<u>3,797.00</u>
DEPOSIT BALANCES AT END OF YEAR	\$ <u>38,001.00</u>	\$ <u>38,001.00</u>

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

BALANCE SHEET — STATUTORY BASIS
MARCH 31, 1967ANNUAL CONTRIBUTION CONTRACT
1967 — 2068.ASSETS.

Cash - Exhibit F(1)	\$	61,764.00
Accounts receivable - tenants		11,812.00
Accounts receivable - other		28,000.00
Investments		425,379.00
Debt amortization funds		277,884.00
Deferred charges		15,404.00
Land, structures and equipment		<u>18,651,750.00</u>
Total Assets	\$	<u>19,651,750.00</u>

LIABILITIES AND SURPLUS.

Accounts payable	\$	63,087.00
Accrued liabilities		64,721.00
Fixed liabilities		<u>2,630,000.00</u>
Total Liabilities		2,757,813.00
Surplus - Exhibit C(1)		<u>16,893,946.00</u>
Total Liabilities and Surplus	\$	<u>19,651,750.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

BALANCE SHEET - STATUTORY BASIS
MARCH 31, 1997

SECTION B ADMINISTRATIVE FEE

ASSETS

Cash	\$	100,836.20
Deferred charges		9,760.74
Land, structures and equipment		<u>68,165.40</u>
Total Assets	\$	<u>178,662.42</u>

LIABILITIES AND SURPLUS

Accounts payable	\$	<u>22,896.42</u>
Total Liabilities		22,896.42
Surplus - Exhibit C(2)		<u>155,666.00</u>
Total Liabilities and Surplus	\$	<u>178,662.42</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

BALANCE SHEET — STATUTORY BASIS
MARCH 31, 1987

FAIRGROUNDS ROAD

ASSETS

Cash	\$	9,568.94
Investments		<u>14,445.71</u>
Total Assets	\$	<u>18,798.65</u>

LIABILITIES AND SURPLUS

Accounts payable	\$	<u>12,281.52</u>
Total Liabilities		12,281.52
Surplus - Exhibit C(3)		<u>4,515.13</u>
Total Liabilities and Surplus	\$	<u>16,796.65</u>

HOUSING AUTHORITY OF THE CITY OF MATCHTOWNE

BALANCE SHEET — STATUTORY BASIS
MARCH 31, 1987ANNUAL CONTRIBUTION CONTRACT
FW — 2057 & FW — 2229ASSETS

Cash - Exhibit F(2)	\$	216,007.00
Accounts receivable - HUD - Exhibit D(4)		15,328.00
Land, structures and equipment		<u>16,199.30</u>
Total Assets	\$	<u>247,533.30</u>

LIABILITIES AND SURPLUS

Accounts payable - HUD - Exhibit D(2) - D(3)	\$	82,597.00
Accounts payable - HUD - Prior YE settlement		37,690.00
Deferred credits		<u>99,817.00</u>
Total Liabilities		220,104.00
Surplus - Exhibit C(4)		<u>26,909.30</u>
Total Liabilities and Surplus	\$	<u>247,513.30</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEES
 STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS
 ANNUAL CONTRIBUTION CONTRACT
FW – 2009

		<u>Year Ended</u>
		<u>09-31-07</u>
Operating Income		
Dwelling rental	\$	525,381.00
Interest on general fund investments		18,459.00
Other income		<u>81,229.00</u>
Total Operating Income - Exhibit D(1)		<u>635,069.00</u>
Operating Expenses		
Administration		224,548.00
Tenant Expense		119.00
Utilities		12,234.00
Ordinary maintenance and operation		254,537.00
General expense		253,976.00
Nonroutine maintenance		<u>18,837.00</u>
Total Operating Expense - Exhibit D(1)		<u>864,251.00</u>
Net Operating Income (Loss)		<u>(229,182.00)</u>
Other Charges		
Interest on notes and bonds payable		<u>136,345.00</u>
Total Other Charges		<u>136,345.00</u>
Net Loss - Exhibit G(1)	\$	<u>(365,527.00)</u>

HOUSING AUTHORITY OF THE CITY OF MATCHITOCHEE
 STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS
 SECTION 8 ADMINISTRATIVE FEE

		Year Ended
		03-31-97
Operating Income		
Interest on general fund investments	\$	5,488.57
Other Income		<u>160,542.18</u>
 Total Operating Income		 <u>166,030.75</u>
Operating Expenses		
Administration		103,440.59
Ordinary maintenance and operation		17,702.49
General expense		<u>18,029.90</u>
 Total Operating Expense		 <u>140,181.98</u>
 Net Operating Income (Loss)		 <u>25,848.87</u>
 Net Loss - Exhibit C(F)	\$	 <u>22,948.82</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES
 STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS
 FAIRGROUNDS ROAD

	Year Ended
	03-31-97
Operating Income	
Dwelling rental	\$ 37,962.51
Interest on general fund investments	3,194.66
Other income	4,028.67
Operating subsidy from trustee	58,000.00
Dwelling rental - Section 8	170,635.00
Total Operating Income	245,820.84
Operating Expenses	
Administration	231,012.07
Utilities	683.06
Ordinary maintenance and operation	29,369.75
General expense	7,420.37
Total Operating Expense	268,485.25
Net Operating Income (Loss)	(22,664.41)
Net Loss - Exhibit C(3)	\$ (22,664.41)

HOUSING AUTHORITY OF THE CITY OF HATCHITOCHEE
 STATEMENT OF INCOME AND EXPENSES - STATUTORY BASIS
 ANNUAL CONTRIBUTION CONTRACT
PW - 8857

		<u>Year Ended</u>
		<u>09-31-87</u>
Operating Income		
Interest income	\$	<u>2,221.00</u>
Total Operating Income - Exhibit D(2)		<u>2,221.00</u>
Operating Expenses		
Administration		<u>107,600.00</u>
Housing assistance payments		<u>588,015.00</u>
Total Operating Expense - Exhibit C(2)		<u>695,615.00</u>
Net Operating Income (Loss)		<u>(693,394.00)</u>
Net Loss - Exhibit C(4)	\$	<u>(693,394.00)</u>

HOUSING AUTHORITY OF THE CITY OF MATCHITOCHEE
 STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS
 ANNUAL CONTRIBUTION CONTRACT
FW 2229

	<u>Year Ended</u>
	<u>05-31-97</u>
Operating Income	
Interest income	\$ 1,827.50
Total Operating Income - Exhibit D(3)	<u>1,827.50</u>
Operating Expenses	
Administration	50,000.01
Housing assistance payments	<u>237,509.50</u>
Total Operating Expense - Exhibit D(3)	<u>287,509.51</u>
Net Operating Income (Loss)	<u>(287,781.91)</u>
Net Loss - Exhibit C(4)	\$ <u>(287,781.91)</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES
 STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT

FOR — 2007
MOO PERMB

	Year Ended
	<u>03-31-07</u>
Operating Income	\$ <u>0.00</u>
Total Operating Income - Exhibit D(4)	<u>0.00</u>
Operating Expenses:	
Administration	7,375.27
Housing assistance payments	<u>89,246.00</u>
Total Operating Expense - Exhibit D(4)	<u>96,621.27</u>
Net Operating Income (Loss)	<u>(96,621.27)</u>
Net Loss - Exhibit D(4)	\$ <u>(96,621.27)</u>

HOUSING AUTHORITY OF THE CITY OF MATCHITOCHEE

ANALYSIS OF SURPLUS -- STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1997ANNUAL CONTRIBUTION CONTRACT
JW - 2000Unreserved Surplus

Balance per prior audit at 03-31-96	\$	(9,249,381.00)
Prior audit adjustments posted in subsequent year		(7,899.00)
Net loss for the year ended 03-31-97 - Exhibit B(1)		(268,927.00)
(Provision for) reduction of Operating Reserve for year ended 03-31-97 - Exhibit C(1)		179,325.00
Balance at 03-31-97		<u>(9,702,303.00)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 03-31-96		247,194.00
Provision for (reduction of) Operating Reserve for the year ended 03-31-97 - Exhibit D(1)		79,326.00
Balance at 03-31-97 - Exhibit F(1)	\$	<u>326,520.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1997ANNUAL CONTRIBUTION CONTRACT
PW — 8888

<u>Cumulative HUD Contributions</u>		
Balance per prior audit at 03-31-96	\$	18,499,181.00
Annual contribution for year ended 03-31-97 - Exhibit D(1)		270,212.00
Operating subsidy for year ended 03-31-97		<u>309,977.00</u>
Balance at 03-31-97		<u>20,079,370.00</u>
<u>Cumulative HUD Grants</u>		
Balance per prior audit at 03-31-96		6,553,711.00
Advances for year ended 03-31-97		<u>695,738.00</u>
Balance at 03-31-97		<u>7,249,449.00</u>
Total Surplus - Exhibit A(1)	\$	<u>12,829,921.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

ANALYSIS OF SURPLUS - STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1997

SECTION B ADMINISTRATIVE FEE

Surplus		
Balance per prior audit at 03-31-95	\$	133,047.18
Net income (loss) for the year ended 03-31-97		<u>22,848.82</u>
Balance at 03-31-97	\$	<u>155,896.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1997

FAIRGROUNDS ROADS

Surplus		
Balance per prior audit at 03-31-96	\$	27,200.04
Net income (loss) for the year ended 03-31-97		<u>(22,684.91)</u>
Balance at 03-31-97	\$	<u>4,515.13</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

ANALYSIS OF SURPLUS -- STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1997ANNUAL CONTRIBUTION CONTRACT
PW-2882Uninsured Surplus

Balance per prior audit at 03-31-96	\$	(9,836,113.17)
Adjustment by HUD		824,875.98
Net loss for the year ended 03-31-97 - Exhibit B(4)		(690,827.31)
(Provision for) reduction of Operating Reserve for year ended 03-31-97 - Exhibit D(1)		6,507.31
(Provision for) reduction of Project Account for year ended 03-31-97 - Exhibit D(2)		(466,829.00)
Balance at 03-31-97		<u>(10,264,186.99)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 03-31-96		5,073.31
Adjustment by HUD		3,579.86
Provision for (reduction of) Operating Reserve for the year ended 03-31-97 - Exhibit D(2)		(8,507.31)
Balance at 03-31-96 - Exhibit F(2)	\$	<u>2,795.86</u>

HOUSING AUTHORITY OF THE CITY OF MATCHITOCHEE

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1997ANNUAL CONTRIBUTION CONTRACT
FW — 2067

<u>Project Account</u>		
Balance per prior audit at 03-31-96	\$	2,279,197.51
Adjustment by HUD		(162,127.51)
Provision for (reduction of) Project Account reserve for year ended 03-31-97 - Exhibit C(2)		<u>488,625.00</u>
Balance at 03-31-97		<u>2,596,099.00</u>
<u>Cumulative HUD Contributions</u>		
Balance per prior audit at 03-31-96		7,990,999.67
Adjustment by HUD		(472,747.67)
Annual contribution for year ended 03-31-97 - Exhibit C(2)		<u>684,320.00</u>
Balance at 03-31-96	\$	<u>8,170,996.00</u>

HOUSING AUTHORITY OF THE CITY OF MATCHTOWNE

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1997

ANNUAL CONTRIBUTION CONTRACT

FW — 3323Unreserved Surplus

Balance per prior audit at 03-31-96	\$	(4,031,370.18)
Net loss for the year ended 03-31-97 - Exhibit B(5)		(287,781.81)
(Provision for) reduction of Operating Reserve for year ended 03-31-97 - Exhibit D(3)		984.11
(Provision for) reduction of Project Account for year ended 03-31-97 - Exhibit D(3)		(129,890.00)
Balance at 03-31-97		<u>(4,508,047.88)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 03-31-96		9,943.97
Provision for (reduction of) Operating Reserve for the year ended 03-31-97 - Exhibit D(3)		(984.11)
Balance at 03-31-97 - Exhibit F(2)	\$	<u>7,979.86</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1997ANNUAL CONTRIBUTION CONTRACT
FW — 2229

<u>Project Account</u>		
Balance per prior audit at 03-31-95	\$	1,132,484.93
Provision for (reduction of) Project Account reserves for year ended 03-31-97 - Exhibit D(3)		<u>129,885.00</u>
Balance at 03-31-97		<u>1,262,369.93</u>
 <u>Cumulative H.A.C. Contributions</u>		
Balance per prior audit at 03-31-95		2,600,019.00
Annual contribution for year ended 03-31-97 - Exhibit D(3)		<u>295,756.00</u>
Balance at 03-31-97	\$	<u>2,895,817.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

ANALYSIS OF SURPLUS - STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1987

ANNUAL CONTRIBUTION CONTRACT

FM - 8052
MOO BEHAB**Unreserved Surplus**

Balance per prior audit at 03-31-86	\$	(2,906,822.97)
Adjustment by HUD		(348,255.84)
Net loss for the year ended 03-31-87 - Exhibit B(6)		(59,721.29)
(Provision for) reduction of Operating Reserve for year ended 03-31-87 - Exhibit D(4)		(4,424.78)
(Provision for) reduction of Project Account for year ended 03-31-87 - Exhibit D(4)		(82,213.00)
Balance at 03-31-87		<u>(3,441,637.51)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 03-31-86		0.00
Adjustment by HUD		(4,424.78)
Provision for (reduction of) Operating Reserve for the year ended 03-31-87 - Exhibit D(4)		4,424.78
Balance at 03-31-87 - Exhibit F(2)	\$	<u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1997

ANNUAL CONTRIBUTION CONTRACT

FW — 2087
MCO FHAB

<u>Project Account</u>		
Balance per prior audit at 03-31-96	\$	839,609.06
Adjustment by HUD		287,095.94
Provision for (reduction of) Project Account reserves for year ended 03-31-97 - Exhibit D(4)		<u>82,313.00</u>
Balance at 03-31-97		<u>1,044,391.00</u>
<u>Cumulative HUD Contributions</u>		1,696,385.62
Balance per prior audit at 03-31-96		64,786.12
Adjustment by HUD		
Annual contribution for year ended 03-31-97 - Exhibit D(4)		<u>104,149.00</u>
Balance at 03-31-97		<u>2,165,287.74</u>
Total Surplus - Exhibit A(4)	\$	<u>25,909.90</u>

HOUSING AUTHORITY OF THE CITY OF HATCHITOCHEE

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
FY 2008

	Year Ended
	<u>03-31-07</u>
<u>Computation of Residual Receipts</u>	
<u>Operating Receipts</u>	
Operating income - Exhibit B(1)	\$ 633,688.00
HUD operating subsidy	<u>309,676.00</u>
Total Operating Receipts	<u>943,364.00</u>
<u>Operating Expenditures</u>	
Operating expenses - Exhibit B(1)	<u>854,251.00</u>
Total Operating Expenditures	<u>854,251.00</u>
Residual receipts (deficit) per audit before provision for reserve	79,325.00
Audit adjustments (booked out)	<u> </u>
Residual receipts per PHA before provision for reserve	79,325.00
(Provision for) or reduction of operating reserve - Exhibit C(1)	<u>(79,325.00)</u>
Residual receipts per PHA	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES
 COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS
 ANNUAL CONTRIBUTION CONTRACT
FW - 2002

	Year Ended
	09-30-07
<u>Computation of Accruing Annual Contributions</u>	
Fixed annual contribution	\$ <u>270,212.00</u>
Total Annual Contribution - Exhibit C(1)	\$ <u>270,212.00</u>

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

ANNUAL CONTRIBUTION CONTRACT
FY — 2057

	Year Ended
	03-31-57
Maximum Contribution Available	
Maximum annual contribution authorized	\$ 1,182,949.00
Project account balance at beginning of fiscal year	2,127,070.00
Total Annual Contribution Available	3,290,019.00
Annual Contribution Required	
Housing assistance payments	696,019.00
Administrative fee	99,757.00
Hard-to-house fee	765.00
	696,541.00
Project receipts other than annual contribution	2,221.00
Total Contribution Required - Exhibit C(4)	694,320.00
Excess in Annual Contribution Available	\$ 2,595,699.00
Year-end Settlement	
Annual contribution due for fiscal year	694,320.00
Total partial payments received by PHA for fiscal year	741,259.00
(Over) Under Payment Due (HUD) PHA	\$ (96,808.00)

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND
PROJECT ACCOUNT - OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAMANNUAL CONTRIBUTION CONTRACT
EW - 3337

	<u>Year Ended</u>
	<u>03-31-87</u>
Status of Project Account	
Project account balance at the beginning of fiscal year	\$ 2,127,070.00
Increase (decrease) during fiscal year - Exhibit C(4)	468,829.00
	<u>2,595,899.00</u>
Provision for Operating Reserve	
Operating receipts	3,221.00
Operating income - Exhibit B(4)	664,320.00
Annual contributions earned	<u>667,541.00</u>
Operating Expenditures	693,049.31
Operating expenses - Exhibit B(4)	<u>693,049.31</u>
Residual receipts (deficit) before provision for operating reserve	(2,607.31)
Audit adjustments - booked out	-
(Provision for) reduction of operating reserve - Exhibit C(4)	<u>6,207.31</u>
Residual receipts (deficit) per PHA	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

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

ANNUAL CONTRIBUTION CONTRACT

FIN -- 2020

	Year Ended
	<u>03-31-87</u>
Maximum Contribution Available	
Maximum annual contribution authorized	\$ 416,678.00
Project account balance at beginning of fiscal year	<u>1,132,491.93</u>
Total Annual Contribution Available	<u>1,549,169.93</u>
Annual Contribution Required	
Housing assistance payments	338,530.50
Administrative fee	48,107.00
Hard-to-house fee	<u>225.00</u>
	287,671.50
Project receipts other than annual contribution	<u>1,073.50</u>
Total Contribution Required - Exhibit C(4)	<u>286,798.00</u>
Excess in Annual Contribution Available	\$ <u>1,262,364.93</u>
Year-end Settlement	
Annual contribution due for fiscal year	286,798.00
Total partial payments received by PHA for fiscal year	<u>312,756.00</u>
(Over) Under Payment Due (HUD) PHA	\$ <u>(25,964.00)</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

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

ANNUAL CONTRIBUTION CONTRACT

FW - 2229

	<u>Year Ended</u>
	<u>03-31-97</u>
Status of Project Account	
Project account balance at the beginning of fiscal year	\$ 1,102,484.00
Income (decrease) during fiscal year - Exhibit C(4)	128,860.00
	<u>1,231,344.00</u>
Provision for Operating Reserve	
Operating receipts	1,627.50
Operating income - Exhibit B(2)	286,797.50
Annual contributions earned	<u>288,425.00</u>
Operating Expenditures	289,629.11
Operating expenses - Exhibit B(5)	<u>289,629.11</u>
Residual receipts (deficit) before provision for operating reserve	(204.11)
Audit adjustments - backed out	
(Provision for) reduction of operating reserve - Exhibit C(4)	<u>994.11</u>
Residual receipts (deficit) per PHA	<u>\$ 0.00</u>

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

ANNUAL CONTRIBUTION CONTRACT
FW — 2057
MOD. RELIAB.

		<u>Year Ended</u>
		<u>03-31-07</u>
Maximum Contribution Available	\$	186,453.00
Maximum annual contribution authorized		
Project account balance at beginning of fiscal year		<u>1,127,488.00</u>
Total Annual Contribution Available		<u>1,313,957.00</u>
Annual Contribution Required		
Housing assistance payments		99,246.00
Administrative fee		<u>11,893.00</u>
		104,149.00
Project receipts other than annual contribution		_____
Total Contribution Required - Exhibit D(4)		<u>104,149.00</u>
Excess in Annual Contribution Available	\$	<u>1,209,811.00</u>
Year-end Settlement		
Annual contribution due for fiscal year		104,149.00
Total periodic payments received by PHA for fiscal year		<u>99,620.00</u>
(Over) Under Payment Due (HUD) PHA	\$	<u>15,329.00</u>

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

ANNUAL CONTRIBUTION CONTRACT

PW -- 2087
MOO REHAS

		<u>Year Ended</u>
		<u>03-31-87</u>
Status of Project Account		
Project account balance at the beginning of fiscal year	\$	1,127,488.00
Increase (decrease) during fiscal year - Exhibit C(4)		<u>82,213.00</u>
		<u>1,209,701.00</u>
Provision for Operating Reserve		
Operating receipts		0.00
Operating income - Exhibit B(2)		104,146.00
Annual contributions earned		<u>104,146.00</u>
Operating Expenditures		
Operating expenses - Exhibit B(8)		<u>99,721.22</u>
		<u>99,721.22</u>
Residual receipts (deficit) before provision for operating reserve		(4,424.78)
Audit adjustments - booked out		
(Provision for) reduction of operating reserve - Exhibit C(4)		<u>4,424.78</u>
Residual receipts (deficit) per PHA	\$	<u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

STATEMENT OF DEP AND COMP GRANT COSTS - UNCOMPLETED
MARCH 31, 1987

	DEP 0189	Project 94 Comp
Funds Approved	\$ 203,349.00	\$ 472,506.00
Funds Expended	<u>137,259.00</u>	<u>345,729.00</u>
Excess of Funds Approved	\$ <u>66,090.00</u>	\$ <u>126,777.00</u>
Funds Advanced	\$ 137,259.00	\$ 345,729.00
Funds Expended	<u>137,259.00</u>	<u>345,729.00</u>
Excess of Funds Advanced - Exhibit F(1)	\$ <u>0.00</u>	\$ <u>0.00</u>
	Project 95 Comp	Project 96 Comp
Funds Approved	\$ 449,344.00	\$ 377,595.00
Funds Expended	<u>216,463.00</u>	<u>55,429.00</u>
Excess of Funds Approved	\$ <u>232,881.00</u>	\$ <u>322,167.00</u>
Funds Advanced	\$ 216,463.00	\$ 55,429.00
Funds Expended	<u>216,463.00</u>	<u>55,429.00</u>
Excess of Funds Advanced - Exhibit F(1)	\$ <u>0.00</u>	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE
 STATEMENT OF MODERNIZATION COSTS — UNCOMPLETED
 MARCH 31, 1997

		DEP 0191
Funds Approved	\$	<u>295,340.00</u>
Funds Expended		<u>196,526.00</u>
Excess of Funds Approved	\$	<u>98,814.00</u>
Funds Advanced	\$	257,714.00
Funds Expended		<u>195,526.00</u>
Excess of Funds Advanced - Exhibit F(1)	\$	<u>62,188.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE
 STATEMENT AND CERTIFICATION OF ACTUAL DEP COSTS
 ANNUAL CONTRIBUTION CONTRACT
FW - 2002

1. The Actual DEP Costs of are as follows:

		LAAGDEP 115-0194
Funds Approved	\$	121,594.00
Funds Expended		121,594.00
Excess of Funds Approved	\$	0.00
Funds Advanced	\$	121,594.00
Funds Expended		121,594.00
Excess of Funds Advanced	\$	0.00

2. The distribution of costs by project as shown on the HUD-1044 dated February 5, 1997 is in agreement with budgeted line items approved by the grant.
3. All costs associated with the grant and related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEES
 STATEMENT AND CERTIFICATION OF ACTUAL DEP COSTS
 ANNUAL CONTRIBUTION CONTRACT
FW - 2008

1. The Actual DEP Costs of are as follows:

		<u>LA&DEP 115-0103</u>
Funds Approved	\$	179,560.00
Funds Expended		<u>179,560.00</u>
Excess of Funds Approved	\$	<u>0.00</u>
Funds Advanced	\$	179,560.00
Funds Expended		<u>179,560.00</u>
Excess of Funds Advanced	\$	<u>0.00</u>

2. The distribution of costs by project as shown on the HUD-1044 dated February 5, 1997 is in agreement with budgeted line items approved by the grant.
3. All costs associated with the grant and related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF MATCHITOCHEE
 ANALYSIS OF GENERAL FUND CASH BALANCE
 ANNUAL CONTRIBUTION CONTRACT
FY - 2008

Composition Before Adjustments

Net operating receipts retained		
Operating reserves - Exhibit C(1)	\$	326,510.00
Asset adjustments to net operating receipts		(5,290.00)
Excess funds - Exhibit E		62,100.00
Excess development funds - closed projects U		<u>45,101.00</u>
		428,501.00

Adjustments

Expenses/Costs not paid:		
Accounts payable		60,000.00
Accrued payments in lieu of taxes		<u>62,329.00</u>

Income not received:		
Accounts receivable		<u>(40,000.00)</u>

General Fund Cash Available 500,524.00

General Fund Costs:

Invested		(426,376.00)
Applied to deferred charges (prepaid insurance, inventories, etc.)		<u>(16,404.00)</u>

General Fund Cash - Exhibit A(1) \$ 61,744.00

U/ LA 116-1	\$	(3,099.21)
LA 116-2		(60,532.37)
LA 116-3		(1,124.13)
LA 116-4		66,869.15
LA 116-7		<u>268.00</u>
	\$	<u>45,101.47</u>

HOUSING AUTHORITY OF THE CITY OF HATCH-ITOCHEE

ANALYSIS OF GENERAL FUND CASH BALANCE

ANNUAL CONTRIBUTION CONTRACT

PW - 2062 & PW - 2229

Composition Before Adjustments

Net operating receipts retained:

Operating reserves - Exhibit C(4)	\$	10,725.81
Deferred credits		99,817.09
Immaterial imbalance		3.24
		<u>110,546.05</u>

Adjustments

Expenses/costs not paid:

Accounts payable		120,782.00
------------------	--	------------

Income not received:

Accounts receivable		<u>(15,325.00)</u>
---------------------	--	--------------------

General Fund Cash Available

314,039.05

General Fund Cash - Exhibit A(4)

\$ 314,039.05

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

GENERAL COMMENTS

MARCH 31, 1987

Number One

For the year ended March 31, 1987, no funds were transferred from the Authority to the Natchitoches Housing Corporation, a 501(c)(3) organization described in the fourth paragraph of Note K.

According to Management, the only transfer to Natchitoches Housing Corporation since fiscal year 1982 from the Fairgrounds Road New Construction program was \$ 150,000 on June 26, 1985. \$ 10,000 was transferred in 1981.

No net Section 8 existing, voucher, moderate rehabilitation funds have been transferred into Natchitoches Housing Corporation since prior to 1981.

HUD Section 8 Handbook 7420.7, CHG-9, issued 12-10-86, 8(1)(f) states the operating reserve "is credited with earned administrative fees that exceed program expenditures ...".

8(2)(a) states "operating reserve funds may be expended for other housing purposes consistent with the PHA's authorities under State and local law".

8(3)(a), defining unauthorized transfers, states "transfer of amounts from the operating reserve to another non-Section 8 program account does not constitute (proper) use of the Operating reserve."

It is the opinion of Authority Management that the June 26, 1985 transfer was not an unauthorized transfer. Per Management, HUD 7420.7, CHG-9 discusses the operating reserve as constituted by excess administrative fees, which are related to Section 8 Existing, Voucher and Moderate Rehabilitation programs.

The Section 8 New Construction HAP contract is between HUD and the PHA. The Housing Authority and the Fairgrounds Road Housing Corp. have a 40-year lease agreement. The Fairgrounds Road Housing Corp. leases the project to the Housing Authority. In return the Housing Authority has pledged all revenues from rent and HAP proceeds, which were assigned by the Fairgrounds Road Housing Corp. to the PHA, to a Trustee. The Trustee allocates its funds and makes the payments according to the terms of the bond indenture. Per an agreement between the Trustee and the PHA, the Authority earns a management, as opposed to an administrative fee.

In part, Management is relying on a HUD General Counsel opinion addressed to an Assistant General Inspector on a similar issue for another Authority in its opinion that the June 26, 1985 transfer is allowable.

In a February 9, 1983 letter from the Housing Authority of the City of Natchitoches to Marv Robertson, Director of Public Housing, HUD-New Orleans, the Authority outlined its above

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

GENERAL COMMENTS (Continued)

MARCH 31, 1997

explanation, plus other related legal and regulation interpretations, to argue that any Section 8 New Construction transfers would be allowable.

To our knowledge, HUD has never replied to the Authority's 2-6-88 letter as to the propriety of Section 8 New Construction transfers.

Number Two

The Natchitoches Housing Corporation, a 501(c)(3) organization is referred to in the first General Comment and also in Footnote K. This entity is not a component part of the Housing Authority of the City of Natchitoches and is not covered by this audit report.

The Louisiana Legislature's Office is currently reviewing the Natchitoches Housing Corporation.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED MARCH 31, 1997

FEDERAL GRANTOR PROGRAM TITLE	COFA NO.	GRANT ID NO.	AWARD AMOUNT	PROGRAM EXPENDITURES	
U.S. Department of Housing and Urban Development					
Direct Programs:					
Low-Income Housing					
Annual Contribution	14,050	FW-2009	\$ 276,212.00	\$ 276,212.00	1/
Operating Subsidy	14,050	FW-2009	308,977.00	308,977.00	
Drug Program	14,050	FW-2009	184,048.00	184,048.00	
Major Program Total 1/			769,237.00	769,237.00	
Section 8 Hap -					
Existing	14,166	FW-2057	684,320.00	684,320.00	
Moderate Rehab	14,166	FW-2057	104,146.00	104,146.00	
New Construction	14,166	FW-2057	170,635.00	170,635.00	
Major Program Total			959,101.00	959,101.00	
Voucher Program	14,177	FW-2029	286,788.00	286,788.00	
Nonmajor Program Total			286,788.00	286,788.00	
Comprehensive Improvement Assistance Program					
Project 1994	14,852	FW-2009	307,749.00	307,749.00	
Project 1995	14,852	FW-2009	179,512.00	179,512.00	
Project 1996	14,852	FW-2009	55,429.00	55,429.00	
Major Program Total			542,690.00	542,690.00	
Total HUD			\$ 2,462,826.00	\$ 2,462,826.00	

1/ The Department of Housing and Urban Development has guaranteed through the Annual Contribution Contract of the Housing Authority of Natchitoches's bonded indebtedness. This bonded indebtedness was \$ 2,630,000.00 at March 31, 1997.

ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
4400 EAST WYOMING AVENUE - SUITE 100
FORT WORTH, TEXAS 76117

817/335-1111
METRO 817/33-4800
FAX 817/33-3390

WFO 87FL 00001 OF

199708
APPROVED BY THE BOARD OF COMMISSIONERS
FISCAL YEAR 1997

**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 Natchitoches, Louisiana, as of and for the twelve months ended March 31, 1997, and have issued our report thereon dated August 15, 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 Natchitoches, Louisiana is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

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

Estes and Associates

Fort Worth, Texas
August 15, 1997

ERTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
600 WINDY BROOKWAY, SUITE 1100
FROST RYAN, TEXAS 75047

WITH OFFICE
IN FROST RYAN, TEXAS
FOR YOUR RECORD

STATE
AUDITOR GENERAL OF LOUISIANA
FISCAL ACCOUNTANTS

00000000, 00000, 00

**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 Natchitoches, Louisiana, as of and for the twelve months ended March 31, 1997, and have issued our report thereon dated August 15, 1997.

We have also audited the Housing Authority of the City of Natchitoches, 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; annual rent adjustment limits; prohibition of the use of lead based paint in construction contracts; and GIAP procurement compliance 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 March 31, 1997. The management of the Housing Authority of the City of Natchitoches, 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-129, "Audit of State and Local Governments." Those standards and OMB Circular A-129 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the Housing Authority of the City of Natchitoches, 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 March 31, 1997.

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

Ft. Worth, Texas
August 15, 1997

ERTIS & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
4000 AIRPORT FREEDOM LANE, SUITE 100
IRVING, TEXAS 75039

(972) 451-0881
METRO (972) 451-0880
DALLAS (972) 451-0880

MEMBER
FEDERAL SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

MEMBER AICPA, CPA

**Independent Auditor's 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 Natchitoches, Louisiana, as of and for the twelve months ended March 31, 1997, and have issued our report thereon dated August 15, 1997.

We have applied procedures to test the Housing Authority of the City of Natchitoches, 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 March 31, 1997.

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 Natchitoches, Louisiana had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

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

Estes and Associates

Fort Worth, Texas
August 15, 1997

ESTES & ASSOCIATES
REGISTERED PROFESSIONAL ACCOUNTANTS
MEMBERSHIP FIRM - LIMITED LIABILITY
FORT WORTH, TEXAS 76102

817-335-5500
817-335-5500
FAX 817-335-5500

OFFICE
MEMBERSHIP FIRM - LIMITED LIABILITY
FORT WORTH, TEXAS 76102

817-335-5500

**Independent Auditors' Report on Compliance with
Specific Requirements Applicable to Non-Major Federal
Financial Assistance Program Transactions**

We have audited the financial statements of the Housing Authority of the City of Natchitoches, Louisiana, as of and for the twelve months ended March 31, 1997, and have issued our report thereon dated August 15, 1997.

In connection with our audit of the financial statements of the Housing Authority of the City of Natchitoches, Louisiana, as of and for the twelve months ended March 31, 1997, 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 non-major federal financial assistance programs for the twelve months ended March 31, 1997. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; analysis of general fund cash; fair market rent ceiling on housing assistance payments; rent reasonableness; housing quality standards; property inspections; and annual rent adjustment limits that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objectives 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 Natchitoches, Louisiana, had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

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

Estes and Associates

Fort Worth, Texas
August 15, 1997

ENTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
6000 AIRBORNE DRIVE SUITE 100
PORT HURON, MICHIGAN 48130

800 441-0000
MI 810 887-0000
MI 810 887-0000

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

800 441-0000, 810

**Independent Auditor's 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 Natchitoches, Louisiana, as of and for the twelve months ended March 31, 1997, and have issued our report thereon dated August 15, 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 Natchitoches, 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 Natchitoches, Louisiana, for the year ended March 31, 1997, 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

August 15, 1987

ENTON B. ASSOCIATES
MEMBERS OF BEA GROUP OF COMPANIES
4400 ROBERT FLETCHER - SUITE 100
FORT WORTH, TEXAS 76102

817/333-0341
METRO 817/333-6660
FAX 817/333-6360

4400 ROBERT FLETCHER, 100

MEMBER
MEMBER COMPANY OF BEA GROUP
PUBLIC ACCOUNTANTS

Independent Auditor's 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 Natchitoches, Louisiana, as of and for the year ended March 31, 1997, and have issued our report thereon dated August 15, 1997. We have also audited the Housing Authority of the City of Natchitoches, Louisiana's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated August 15, 1997.

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-129, "Audits of State and Local Governments." These standards and OMB Circular A-129 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 Natchitoches, 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 March 31, 1997, 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-129. 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 August 15, 1997.

The management of the Housing Authority of the City of Natchitoches, 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 cost/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 March 31, 1997, the Housing Authority of the City of Natchitoches, Louisiana expended 88 percent of its total federal financial assistance under major federal financial assistance programs: Low Income Housing, Section 8, Corp Grant.

We performed tests of controls, as required by OMB Circular A-120, 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.

Elder and Associates

Fort Worth, Texas
August 15, 1997

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MARCH 31, 1997

Prior Audit Findings and Questioned Cost

There were no prior audit findings.

Current Audit Findings

Questioned
Cost

1) Findings

Of the twelve Low-Fare tenant files we reviewed, the four tenant files for which one employee was responsible did not have current recertifications. These same four files also did not have current executed leases signed by the tenant and a representative of the PHA. Several past-due balances were written off that this employee was responsible for and they were noted by board resolution. (Other employees collect the rent.)

No exceptions were noted in the review of eight other Low-Fare or twelve Section 8 tenant files.

Recommendation

Employee responsible for tenant file maintenance should be periodically reminded to perform annual recertifications, income verification, lease updates, etc.

Also, the person in charge of these employees should periodically test review tenant files to be sure the proper procedures are followed. Past-due balances should be constantly monitored.

Reply

We instituted the above procedures before the end of the fiscal year.

2) Finding

MUD should have been notified of the transfer of the HAP contract from the Natchitoches Housing Authority to the Fairgrounds Road Redevelopment Partnership, LLP, as noted in Note K to the Financial Statements.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MARCH 31, 1997

Current Audit Findings (Continued)

Questioned
Cost

Recommendation

HUD should be notified as soon as possible.

Reply

We are in the process of doing this.

30 Finding

The PHA has a current physical inventory of nonexpendable equipment that appears to be consistently maintained. However, it has not been reconciled to the general ledger in the last year.

Recommendation

The PHA should reconcile the detailed inventory to the general ledger as soon as practicable and make any necessary adjustments.

Reply

We will comply with the above.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEE

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

MARCH 31, 1997

	ACCT. # FOR AUDIT PURPOSES	DR	CR	ACCT. # FOR POSTING TO FHA BOOKS
•/•	Prior year adjustments - affecting residual receipts	6010	5,286.00	6010
	Prior year adjustments - not affecting residual receipts	6020	5,286.00	6020

To correct fund imbalance.