

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

SEPTEMBER 30, 1997

		ACCT. # FOR AUDIT		ACCT. # FOR
		PURPOSES	DR	CR
				POSTING TO PHA BOOKS
-1-	HDHP Expense Control	4000		155,718.50
	PHDHP Expense Control	1400	155,718.50	4000
To reclass drug expenses as if it was a GIAP Program.				
-2-	MOB Costs - 94	1400.05		444.07
	MOB Costs - 97	1400.11	309.70	1400.11
	MOB Cost - Prior	1400.32		90,507.17
	Cumulative Grants	2645		7,478.50
	Prior period adjustments - affecting residual receipts	6010		3,890.47
	Prior period adjustments - not affecting residual receipts	6000	21,814.17	6000

To adjust GIAP costs and advances.

of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Estes and Associates

Fort Worth, Texas
January 5, 1998

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Housing Authority of the
Town of DeQuincy
DeQuincy, Louisiana

We have audited the financial statements of the Housing Authority of the Town of DeQuincy, Louisiana as of and for the year ended September 30, 1997, and have issued our report thereon dated January 6, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of DeQuincy, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing a opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclose 0 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Town of DeQuincy, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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

In our opinion, the Housing Authority of the Town of DeQuincy, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1993.

Internal Control Over Compliance

The management of The Housing Authority of the Town of DeQuincy, Louisiana is responsible for establishing and maintaining internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the Town of DeQuincy, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Coles and Associates

Fort Worth, Texas
January 6, 1993

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MEMO
MEMORANDUM TO: (P) (U) (S)
PUBLIC ACCOUNTANTS

MEMORANDUM TO: (P) (U) (S)

**Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133**

Housing Authority of the
Town of DeQuincy
DeQuincy, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the Town of DeQuincy, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1997. The Housing Authority of the Town of DeQuincy, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the Town of DeQuincy, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of the Town of DeQuincy, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Code of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the Town of DeQuincy, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of the Town of DeQuincy, Louisiana's compliance with the requirements.

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 1997

<u>FEDERAL GRANTOR</u> <u>PROGRAM TITLE</u>	<u>CDFA</u> <u>NO.</u>	<u>GRANT</u> <u>ID NO.</u>	<u>AWARD</u> <u>AMOUNT</u>	<u>PROGRAM</u> <u>EXPENDITURES</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Low-Income Housing				
Annual Contribution	14.854	FW- 1349	\$ 39,230.46	\$ 39,230.46
Operating Subsidy	14.854	FW- 1349	60,146.00	60,146.00
Major Program Total 1/			99,376.46	99,376.46
Drug Elimination	14.854	1995	900.00	900.00
Drug Elimination	14.854	1995	35,152.71	34,520.14
Major Program Total			36,052.71	35,420.14
Comprehensive Improvement Assistance Program				
Project 1994	14.852	FW- 1349	29,050.99	29,050.99
Project 1995	14.852	FW- 1349	239,949.19	239,919.57
Project 1997	14.852	FW- 1349	40,345.00	40,845.00
Major Program Total			309,345.18	309,815.56
Total HUD			\$ 444,833.35	\$ 404,672.16

1/ The Department of Housing and Urban Development has guaranteed through the Annual Contribution Contract of the Housing Authority of DeQuincy's bonded indebtedness. This bonded indebtedness was \$ 410,646.93 at September 30, 1997.

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

ANALYSIS OF GENERAL FUND CASH BALANCE

ANNUAL CONTRIBUTION CONTRACT

JULY - 1988

Composition Before Adjustments:

Net operating receipts retained:		
Operating reserves - Exhibit C	\$	62,569.86
Excess drug funds		602.57
Deferred credits		9,205.00
Proceeds reserved for replacement of equipment		8,461.00
Audit adjustment to net operating receipts		2,800.47
Deficient modernization funds - Exhibit E		<u>(39,467.58)</u>
		44,424.32

Adjustments:

Expenses/costs not paid:		
Accounts payable		6,824.70
Current year insurance		90.17

Income not received:

Accounts receivable		<u>(8,826.27)</u>
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General Fund Cash Available		43,514.73
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General Fund Cash:

Applied to deferred charges (prepaid insurance, inventories, etc.)		<u>(16,499.57)</u>
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General Fund Cash - Exhibit A	\$	<u>27,015.16</u>
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HOUSING AUTHORITY OF THE TOWN OF DEQUINCY
 STATEMENT OF MODERNIZATION COSTS — UNCOMPLETED
 SEPTEMBER 30, 1997

	Project 1997	Project 1995	Project 1994
Funds Approved	\$ 44,300.00	\$ 319,000.00	\$ 325,000.00
Funds Expended	<u>40,845.00</u>	<u>312,089.32</u>	<u>325,000.00</u>
Excess of Funds Approved	\$ <u>3,455.00</u>	\$ <u>6,910.68</u>	\$ <u>0.00</u>
Funds Advanced	\$ 40,845.00	\$ 273,121.74	\$ 325,000.00
Funds Expended	<u>40,845.00</u>	<u>312,089.32</u>	<u>325,000.00</u>
Excess of Funds Advanced	\$ <u>(500.00)</u>	\$ <u>(38,967.58)</u>	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE TOWN OF DEQUOY
 STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
 ANNUAL CONTRIBUTION CONTRACT
JR - 1348

1. The Actual Modernization Costs of are as follows:

		LA40 P10680484
Funds Approved	\$	325,000.00
Funds Expended		325,000.00
Excess of Funds Approved	\$	0.00
Funds Advanced	\$	325,000.00
Funds Expended		325,000.00
Excess of Funds Advanced	\$	0.00

2. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated January 27, 1987 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 TOWN OF DEQUINOY

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
JER—1948

	<u>Year Ended</u>
	<u>08-30-67</u>
Computation of Accruing Annual Contributions	
Fixed annual contribution	\$ <u>30,230.40</u>
Total Annual Contribution - Exhibit C	\$ <u>30,230.40</u>

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
FY - 1998

	Year Ended
	09-30-97
<u>Computation of Residual Receipts</u>	
<u>Operating Receipts</u>	
Operating Income - Exhibit B	\$ 108,943.64
HUD operating subsidy	88,146.00
Prior year adjustments - affecting residual receipts	8,894.73
Total Operating Receipts	<u>175,984.37</u>
<u>Operating Expenditures</u>	
Operating expenses - Exhibit B	158,771.54
Capital expenditures:	
Replacement of nonexpendable equipment	(1,494.00)
Property betterments and additions	1,494.04
Total Operating Expenditures	<u>158,661.54</u>
Residual receipts (deficit) per audit before provision for reserve	19,101.99
Audit adjustments (booked out)	<u>(2,895.47)</u>
Residual receipts per PHA before provision for reserve	16,206.52
(Provision for) or reduction of operating reserve - Exhibit C	<u>(16,206.52)</u>
Residual receipts per PHA	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1997ANNUAL CONTRIBUTION CONTRACT
FCR — 1386**Cumulative HUD Contributions**

Balance per prior audit at 09-30-95	\$	3,634,625.15
Annual contribution for year ended 09-30-97 - Exhibit D		39,230.46
Operating subsidy for year ended 09-30-97		60,148.00
Balance at 09-30-97		<u>3,633,401.62</u>

Cumulative HUD Grants

Balance per prior audit at 09-30-95		1,550,991.49
Advances - Drug		39,112.71
Advances - CLAP		509,344.19
Balance at 09-30-97		<u>1,699,148.39</u>

Cumulative Donations

Balance per prior audit at 09-30-95		918.80
Balance at 09-30-97		<u>918.80</u>
Total Surplus - Exhibit A	\$	<u>4,051,102.78</u>

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1997ANNUAL CONTRIBUTION CONTRACT
FW — 1340Unreserved Surplus

Balance per prior audit at 09-30-96	\$	(1,435,229.52)
Net loss for the year ended 09-30-97 - Exhibit B		(90,390.64)
(Provision for) reduction of Operating Reserves for year ended 09-30-97 - Exhibit D		<u>(16,209.52)</u>
Balance at 09-30-97		<u>(1,541,829.68)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 09-30-96		99,561.34
Provision for (reduction of) Operating Reserve for the year ended 09-30-97 - Exhibit D		<u>(16,209.52)</u>
Balance at 09-30-97 - Exhibit F	\$	<u>83,351.82</u>

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY
 STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS
 ANNUAL CONTRIBUTION CONTRACT
FOR 1988

	Year Ended
	09-30-87
Operating Income	
Dwelling rental	\$ 80,390.00
Excess utilities	1,382.00
Interest on general fund investments	281.80
Other income	15,909.75
Total Operating Income - Exhibit D	108,963.55
Operating Expenses	
Administration	54,389.50
Utilities	17,804.40
Ordinary maintenance and operation	40,546.75
General expense	44,795.00
Nonroutine maintenance	(3,529.70)
Total Operating Expense - Exhibit D	150,771.35
Net Operating Income (Loss)	(41,807.80)
Other Credits	
Prior year adjustments - affecting residual receipts	8,844.70
Total Other Credits	8,844.70
Other Charges	
Interest on notes and bonds payable	20,914.10
Gain or loss from disposition of nonexpendable equipment	7,478.01
Prior period adjustments - not affecting residual receipts	21,014.17
Total Other Charges	49,406.28
Net Loss - Exhibit C	\$ (90,368.84)

HOUSING AUTHORITY OF THE TOWN OF DANQUINCY

BALANCE SHEET — STATUTORY BASIS
SEPTEMBER 30, 1997ANNUAL CONTRIBUTION CONTRACT
PW — 1348ASSETS

Cash - Exhibit F	\$	32,025.25
Accounts receivable - HUD		6,773.85
Accounts receivable - other		52.42
Debt amortization funds		38,490.42
Deferred charges		10,482.57
Land, structures and equipment		<u>4,387,085.80</u>
Total Assets	\$	<u>4,477,910.41</u>

LIABILITIES AND SURPLUS

Accounts payable	\$	6,800.70
Deferred credits		3,305.00
Fixed liabilities		<u>410,646.93</u>
Total Liabilities		420,752.63
Surplus - Exhibit C		<u>4,051,109.78</u>
Total Liabilities and Surplus	\$	<u>4,477,910.41</u>

HOUSING AUTHORITY OF THE TOWN OF DOUGLASS
 FIDUCIARY FUNDS
 SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS
 SEPTEMBER 30, 1997

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$ 5,975.00	\$ 5,975.00
ADDITIONS		
Receipts from tenants	425.00	425.00
Total Additions	<u>425.00</u>	<u>425.00</u>
DEPOSIT BALANCES AT END OF YEAR	<u>\$ 6,400.00</u>	<u>\$ 6,400.00</u>

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

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1997

	Agency Funds	
	Tenant Security Deposit Funds	Total Fiduciary Funds
ASSETS		
Cash and cash equivalents	\$ 6,400.00	\$ 6,400.00
Total Assets	\$ 6,400.00	\$ 6,400.00
LIABILITIES		
Due to tenants	\$ 6,400.00	\$ 6,400.00
Total Liabilities	\$ 6,400.00	\$ 6,400.00

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

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

CAPITAL PROJECT FUND TYPES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SEPTEMBER 30, 1997

	CMP Housing Programs					Total
	DMP 95	DMP 96	DMP 1994	DMP 1995	DMP 1997	
REVENUES						
Intergovernmental	\$ 11,404.05	\$ 58,182.71	\$ 20,052.99	\$ 200,704.83	\$ 40,848.08	\$ 328,797.66
Total Revenue	<u>11,404.05</u>	<u>58,182.71</u>	<u>20,052.99</u>	<u>200,704.83</u>	<u>40,848.08</u>	<u>328,797.66</u>
EXPENDITURES						
Capital expenditures		\$4,520.04	\$0,000.00	\$0,000.00	\$0,000.00	\$4,520.04
Total Expenditures	<u>0.00</u>	<u>\$4,520.04</u>	<u>\$0,000.00</u>	<u>\$0,000.00</u>	<u>\$0,000.00</u>	<u>\$4,520.04</u>
Balance (deficiency) of revenues over (under) expenditures	11,404.05	53,662.67	20,052.99	200,704.83	40,848.08	324,271.61
FUND BALANCES, beginning of year	<u>(11,404.05)</u>			<u>20,819.29</u>		<u>7,011.00</u>
FUND BALANCE, end of year	<u>\$ 0.00</u>	<u>\$ 53,662.67</u>	<u>\$ 0.00</u>	<u>\$ (20,867.58)</u>	<u>\$ (500.00)</u>	<u>\$ (28,005.11)</u>

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

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

CAPITAL PROJECT FUND TYPES
COMBINED BALANCE SHEET
SEPTEMBER 30, 1997

OAP Heating Programs

	DGP 97	CMP 97/98	OAP 1997	Total
ASSETS				
Due from:				
City	\$ 602.57	\$	\$	\$ 602.57
Total Assets	\$ 602.57	0.00	0.00	\$ 602.57
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Due to:				
Other funds	\$	\$ 28,987.58	\$ 800.00	\$ 29,487.58
Total Liabilities	0.00	\$ 28,987.58	\$ 800.00	\$ 29,487.58
FUND EQUITY				
Reserved for capital projects	602.57	(60,607.58)	(500.00)	(59,505.01)
Total fund equity	602.57	(59,997.58)	(500.00)	(59,895.01)
Total liabilities and fund equity	\$ 602.57	\$ 0.00	\$ 0.00	\$ 602.57

This Statement of Financial Position is an integral part of these financial statements.

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 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.

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

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 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 5% and the entity contributes 5% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended September 30, 1997 was \$ 56,065.60. The entity's contributions were calculated using the base salary amount of \$ 26,338.60. Contributions to the plan were \$ 1,316.93 and \$ 1,316.93 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 TOWN OF DEQUINCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1997

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>Interest Rate</u>		<u>Principal Balance</u>
Bond payable, August 1, 1971 series	4 7/8 %	\$	<u>410,646.93</u>

The bonds mature in series annually in varying amounts with the final maturity date in 2019. 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	\$	428,007.75
Principal retirement		<u>87,360.82</u>
Balance, end of period	\$	<u>410,646.93</u>

Schedule retirements of long-term debt is as follows:

1998	\$	19,420.10
1999		20,125.29
2000		21,185.57
2001		21,691.75
2002		23,368.17
Thereafter		<u>304,655.10</u>

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

HOUSING AUTHORITY OF THE TOWN OF DEQUINDY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1997

NOTE C - ACTIVITIES OF THE PHA

At September 30, 1997, the PHA was managing 60 units of low-rent in two projects under Program PW - 1348.

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 both all grantees 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 improv.	\$ 465,889.78	\$	\$	\$ 465,889.78
Buildings	1,903,746.58			1,903,746.58
Equipment	180,257.98	62.84	7,479.37	62,839.00
Total	\$ 2,489,894.34	\$ 62.84	\$ 7,479.37	\$ 2,462,478.00

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 TOWN OF DEQUINCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 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 Absence

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

Cash is insured as follows:

FDIC Insurance	\$ <u>39,025.35</u>
	\$ <u>39,025.35</u>

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

HOUSING AUTHORITY OF THE TOWN OF DEQUENCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 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 retroactive expenditures, such as reinstatement of prior-year encumbrances. The Board and HUD must approve fund appropriation increases. Any unused appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

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

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

(64) Cash and Cash Equivalents

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

(67) Tenant Receivables

Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts amounting to \$ 0, at September 30, 1997.

(68) 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 debursing fund and as a reduction of expenditures in the receiving fund.

(69) 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 TOWN OF DORCHESTER

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 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 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) **Expendary 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 grantee approval.

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

HOUSING AUTHORITY OF THE TOWN OF DEQUINCY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 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 actions.

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 TOWN OF DeQUINCY

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of DeQuincy, 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 stable urban communities by providing decent housing, a suitable living environment, and economic opportunities primarily for persons of low and moderate income.

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the Town of DeQuincy, 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 September 30, 1997, and for the fiscal year then ended, the Authority had no discretely presented component units of 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 TOWN OF DEQUENY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 DEBT SERVICE AND CAPITAL PROJECTS FUNDS
 YEAR ENDED SEPTEMBER 30, 1997

	Debt Service Fund		Capital Projects Funds		Over Under Budget
	Budget	Actual	Budget	Actual	
REVENUES					
Intergovernmental	\$ 28,220.48	\$ 28,220.48	\$ 0.00	\$ 0.00	\$ 0.00
Total Revenues	<u>28,220.48</u>	<u>28,220.48</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
EXPENDITURES					
Capital expenditures			0.00	206,484.58	(206,484.58)
Debt Service:					
Principal retirement	18,380.82	18,380.82	0.00		0.85
Interest	20,044.55	20,014.15	0.00		0.80
Total Expenditures	<u>38,425.37</u>	<u>38,394.97</u>	<u>0.00</u>	<u>206,484.58</u>	<u>(206,484.57)</u>
Excess (deficiency) of revenues over (under) expenditures					
Transfer of net income to unreserved deficit	\$ (14.89)	\$ 14.49	\$ 0.00	\$ 0.00	\$ (28,211.09)
FUND BALANCES, beginning of year					
FUND BALANCES, end of year		<u>\$ 28,205.59</u>		<u>\$ 21,719.00</u>	<u>\$ (28,211.09)</u>

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

HOUSING AUTHORITY OF THE TOWN OF DORCHESTER

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET (GAAP BASIS) AND ACTUAL

GENERAL FUND AND SPECIAL REVENUE FUNDS

YEAR ENDED SEPTEMBER 30, 1997

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Federal						
Intergovernmental	\$ 87,148.00	\$ 87,770.00	\$ 622.00	\$	\$	\$ 0.00
Local	90,148.00	89,148.00	0.00			0.00
Other Income	1,000.00	800.00	(200.00)			0.00
	<u>198,296.00</u>	<u>177,718.00</u>	<u>14,578.00</u>			<u>0.00</u>
EXPENDITURES						
Administration	89,800.00	84,380.00	5,420.00			0.00
Utilities	17,400.00	17,870.00	(470.00)			0.00
Delivery materials	41,100.00	40,140.00	960.00			0.00
Tenant services	340.00	340.00	0.00			0.00
General expenditures	45,400.00	44,750.00	650.00			0.00
Contingency maintenance	3,000.00	2,200.00	800.00			0.00
Capital expenditures	5,800.00	60.00	5,740.00			0.00
	<u>179,400.00</u>	<u>184,310.00</u>	<u>(5,910.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Transfers (Reimbursement of expenses over budget) expenditures	\$ 10,714.00	\$ 8,900.00	\$ 2,814.00	\$ 0.00	\$ 0.00	\$ 0.00
Transfers of net income to reserves (deficit)						
		<u>55,800.00</u>				<u>\$ 0.00</u>
		<u>\$ 63,960.00</u>				<u>\$ 0.00</u>

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

HOUSING AUTHORITY OF THE TOWN OF DEDHAM

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED SEPTEMBER 30, 1997**

	Governmental Fund Types				Total (Miscellaneous Only)
	General	Special Revenues	Debt Service	Capital Projects	
REVENUES					
Fees	\$ 67,772.00	\$	\$	\$	\$ 67,772.00
Intergovernmental	80,198.00		38,230.48	358,787.58	487,208.06
Interest	251.89				251.89
Other	24,771.82				24,771.82
Total Revenues	<u>172,993.71</u>	<u>0.00</u>	<u>38,230.48</u>	<u>358,787.58</u>	<u>600,002.76</u>
EXPENDITURES					
Administration	64,362.53				64,362.53
Utilities	17,804.48				17,804.48
Ordinary maintenance	48,148.75				48,148.75
Debt principal expenditures	44,781.08				44,781.08
Extraordinary maintenance	7,125.00				7,125.00
Capital expenditures	80.84			358,818.88	358,899.72
Debt service:					
Principal retirement			18,260.00		18,260.00
Interest			20,814.12		20,814.12
Total expenditures	<u>184,211.75</u>	<u>0.00</u>	<u>38,274.65</u>	<u>358,818.88</u>	<u>600,005.28</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>8,781.96</u>	<u>0.00</u>	<u>(44.17)</u>	<u>30,211.61</u>	<u>(2,002.52)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in					0.00
Operating transfers out					0.00
Total other financing sources(uses)	<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>55,087.34</u>		<u>30,504.81</u>	<u>31,278.08</u>	<u>116,870.23</u>
FUND BALANCE, end of year	<u>\$ 63,869.30</u>	<u>\$ 0.00</u>	<u>\$ 30,460.64</u>	<u>\$ (18,835.66)</u>	<u>\$ 64,294.28</u>

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

HOUSLAND AUTHORITY OF THE TOWN OF DECLINCY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
SEPTEMBER 30, 1987

	Governmental Fund Types				Fund Total	Account Group		Total Manufacturing Costs
	General	Special Accounts	Debt Service	Capital Projects		General Fund Assets	Special Lease-Tax Fund	
LIABILITIES	\$	\$	\$	\$	\$	\$	\$	
Accounts payable	408.70							408.70
Accrued liabilities	18,973.20							19,372.20
Due to:								
Towns								
Other funds	8,203.80			80,858.04	8,400.00			8,400.00
Deferred revenue								38,408.00
General obligation bonds payable and other liabilities							412,488.00	412,488.00
Total Liabilities	28,135.90	0.00	0.00	89,858.04	8,400.00	0.00	412,488.00	478,811.94
FUND EQUITY						2,482,475.61		2,482,475.61
Investment in general fund assets								28,408.00
Fund balance:								38,408.00
Reserved for capital projects								38,408.00
Reserved for debt service			39,490.42					39,490.42
Unreserved	83,642.58							83,642.58
Total Fund Equity	83,642.58	0.00	39,490.42	198,008.51	0.00	2,482,475.61	0.00	2,520,173.32
Total Liabilities and Fund Equity	\$ 83,778.48	\$ 0.00	\$ 39,490.42	\$ 0.00	\$ 8,400.00	\$ 2,482,475.61	\$ 412,488.00	\$ 3,002,789.15

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

HOUSING AUTHORITY OF THE TOWN OF DEQUINDY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1997

	Governmental Fund Types			Proprietary Fund		Account Groups		Total Revenues (Net)
	General	Special Revenues	Debt Service	Capital Projects	Trust and FID	General Fund Assets	General Liabilities & Debt	
ASSETS								
Cash and cash equivalents	\$ 25,825.35	\$	\$	\$	\$ 6,405.00	\$	\$	\$ 32,230.35
Receivables, net of allowances								
Other	52.42							52.42
Debt float								
Other funds	38,800.04							38,800.04
Other loans	8,775.85		30,400.42					49,176.27
Prepaid expenditures	15,000.87					2,462,475.81		2,477,476.68
Property, plant and equipment								
Accounts payable								
Accounts to be paid for retirement								
of general long-term debt								
Total Assets	<u>\$ 88,778.50</u>	<u>\$ 0.00</u>	<u>\$ 30,400.42</u>	<u>\$ 0.00</u>	<u>\$ 6,405.00</u>	<u>\$ 2,462,475.81</u>	<u>\$ 470,246.22</u>	<u>\$ 2,997,785.95</u>

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

ESTES & ASSOCIATES
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Independent Auditor's Report

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

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

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the Housing Authority of the Town of DeQuincy, Louisiana, as of and for the year ended September 30, 1997, as listed in the table of contents. Those general-purpose financial statements are the responsibility of the Housing Authority of the Town of DeQuincy, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governors' 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the authority's policy is to prepare its financial statements on the basis of accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. This report is intended solely for filing with the Department of Housing and Urban Development and is not intended for any other purpose.

In our opinion, the general-purpose financial statements and the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of DeQuincy, Louisiana as of September 30, 1997 and the results of its operations and changes in its supplies for the year then ended, on the basis of accounting described in Note A.

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HOUSING AUTHORITY OF THE TOWN OF DUNQUIN, LOUISIANA

REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED SEPTEMBER 30, 1967

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or restored, 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 3-2-98

Ernst & Associates
CERTIFIED PUBLIC ACCOUNTANTS