

OFFICIAL
 FIRE COPY
 DO NOT SIGN OUT

When necessary
 return form this
 date and place
 back in file

ESTES & ASSOCIATES
 1100 PINE BLVD
 SUITE 1100
 NEW ORLEANS, LA 70112-1100

98702138
 4233

HOUSING AUTHORITY OF THE CITY OF BUSON, LOUISIANA

**REPORT ON EXAMINATION OF
 FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED MARCH 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 16 1998

ESTES & ASSOCIATES
 CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT		1 - 2
FINANCIAL STATEMENTS		
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
Notes to Financial Statements		7 - 13
Fiduciary Funds — Combining Balance Sheet		14
Fiduciary Funds — Schedule of Changes in Deposits Due to Others		16

TABLE OF CONTENTS (Continued)

	<u>EXHIBIT</u>	<u>PAGE</u>
SUPPLEMENTARY INFORMATION		
Balance Sheet	A	16
Statement of Income and Expenses	B	17
Analysis of Services	C	18 - 19
Computation of Residual Receipts and Apportioning Annual Contribution	D	20 - 21
Analysis of General Fund Cash Balance	F	22
Schedule of Expenditures for Federal Awards		23
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards		24 - 26
Schedule of Findings and Questioned Costs		26
Adjusting Journal Entries		27

ENTIS & ASSOCIATES
REGISTERED PUBLIC ACCOUNTANTS
3800 AIRPORT FREEWAY - SUITE 200
DALLAS, TEXAS 75247

857-8822
857-8822
FAX 857-8822

STATE
OFFICE OF THE COMPTROLLER
GENERAL

2025 RELEASE UNDER E.O. 14176

Independent Auditor's Report

Board of Commissioners
Housing Authority of the
City of Duxon
Duxon, 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 Duxon, Louisiana at and for the year ended March 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of the City of Duxon, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide. 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 City of Duxon, Louisiana as of March 31, 1998 and the results of its operations and changes in its surplus for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 4, 1998 on our consideration of Housing Authority of the City of Dason's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statement of the Housing Authority of the City of Dason, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Estes and Associates

Fort Worth, Texas
September 4, 1998

HOUSING AUTHORITY OF THE CITY OF BURSON

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

MARCH 31, 1998

	Governmental Fund Types			Fiduciary Fund Types		Account Groups		Total (Miscellaneous Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fund Assets	General Long-Term Debt	
4000213	\$ 1,261.00	\$	\$	\$	\$	\$	\$	\$ 1,261.00
Cash and cash equivalents	482.00							482.00
Receivables, net of allowances								
Other								
Net Note								
Other Funds					2,623.00			2,623.00
Prepaid expenditures	4,000.00							4,000.00
Property, plant and equipment						2,124,671.44		2,124,671.44
Total Assets	\$ 5,921.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,623.00	\$ 2,124,671.44	\$ 0.00	\$ 2,133,215.44

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

HOUSING AUTHORITY OF THE CITY OF DUSON

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
MARCH 31, 1988

	Governmental Fund Types				Education Fund Types		Account Groups		
	General	Special Revenues	Debt Services	Capital Projects	Trust and Agency	General Fund Assets	General Long-Term Debt	Total (Manufacturers Corp)	
LIABILITIES									
Accounts payable	\$ 877.80	\$	\$	\$	\$	\$	\$	\$ 877.80	
Due to:									
Tenants					2,853.08			2,853.08	
Other Funds	2,853.00							2,853.00	
Deferred revenue	1.00							1.00	
Total Liabilities	3,851.80	0.00	0.00	0.00	2,853.08	0.00	0.00	6,755.88	
FUND EQUITY									
Investment in general fund assets						2,124,871.44		2,124,871.44	
Fund balances:									
Unreserved	2,287.87							2,287.87	
Unassigned									
Total Fund Equity	2,287.87	0.00	0.00	0.00	0.00	2,124,871.44	0.00	2,127,159.31	
Total Liabilities and Fund Equity	\$ 6,039.67	\$	\$	\$	\$ 2,853.08	\$ 2,124,871.44	\$	\$ 2,128,278.84	

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

HOUSING AUTHORITY OF THE CITY OF DUSON

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 1998

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES					
Fees	\$ 24,708.00	\$	\$	\$	\$ 24,708.00
Intergovernmental	24,388.00				24,388.00
Interest	68.58				68.58
Other	815.72				815.72
Total Revenue	69,980.30	0.00	0.00	0.00	69,980.30
EXPENDITURES					
Administration	22,708.00				22,708.00
Utilities	7,412.55				7,412.55
Ordinary maintenance	24,368.00				24,368.00
General expenditures	16,897.81				16,897.81
Extraordinary maintenance	1,812.00				1,812.00
Capital expenditures	7,201.54				7,201.54
Total expenditures	79,702.04	0.00	0.00	0.00	79,702.04
Excess (deficiency) of revenues over (under) expenditures	(9,721.74)	0.00	0.00	0.00	(9,721.74)
OTHER FINANCING SOURCES(USES)					
Operating transfers in					0.00
Operating transfers out					0.00
Total other financing sources(uses)	0.00	0.00	0.00	0.00	0.00
FUND BALANCE, beginning of year	11,164.81				11,164.81
FUND BALANCE, end of year	\$ 1,387.87	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,387.87

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

HOUSING AUTHORITY OF THE CITY OF DUBSON

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHARGES IN FUND BALANCES
 BUDGET (GMAP BASIS) AND ACTUAL
 GENERAL FUND AND SPECIAL REVENUE FUNDS
 YEAR ENDED MARCH 31, 1989

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Fees	\$ 36,180.00	\$ 34,756.85	\$ (1,423.15)	\$	\$	\$ 0.00
Intergovernmental	34,200.00	34,200.00	0.00			0.00
Interest	500.00	68.58	(431.42)			0.00
Other income	2,890.00	619.72	(2,270.28)			0.00
Total Revenues	39,770.00	69,645.15	29,875.15	0.00	0.00	0.00
EXPENDITURES						
Administration	19,200.00	22,133.26	2,933.26			0.00
Utilities	8,800.00	7,418.58	(1,381.42)			0.00
Ordinary maintenance	21,300.00	24,308.98	3,008.98			0.00
General expenditures	27,900.00	16,251.67	(11,648.33)			0.00
Excessordinary maintenance		1,812.00	1,812.00			0.00
Capital expenditures	7,240.00	7,257.54	17.54			0.00
Total Expenditures	84,440.00	78,202.94	(6,237.06)	0.00	0.00	0.00
Excess (deficiency) of revenues over (under) expenditures	\$ (44,670.00)	\$ 69,798.74	\$ 114,468.74	\$ 0.00	\$ 0.00	\$ 0.00
Transfer of net income to unassigned cash						
FUND BALANCES, beginning of year		<u>71,764.67</u>				
FUND BALANCES, end of year		<u>\$ 2,567.67</u>		<u>\$</u>	<u>0.00</u>	

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

HOUSING AUTHORITY OF THE CITY OF DUSON

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Duson, 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 Duson, 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 those 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, 1998, 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 DULSON

NOTES TO FINANCIAL STATEMENTS

(Continued)
MARCH 31, 1988

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 DUSON

NOTES TO FINANCIAL STATEMENTS

(Continued)
MARCH 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNT GROUPS

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

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

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

(4) Basis of Accounting

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

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

(5) Budgetary Data

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

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

HOUSING AUTHORITY OF THE CITY OF DUSON

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1988

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, 1988.

(8) Interfund Transactions

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

NOTES TO FINANCIAL STATEMENTS

(Continued)
MARCH 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(10) General Long-Term Debt

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

(11) Compensated Absences

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

(12) Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at March 31, 1998. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized.

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 1,395.92	\$ 1,396.92	\$ 0.00	\$ 0.00

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

HOUSING AUTHORITY OF THE CITY OF DUSON

NOTES TO FINANCIAL STATEMENTS

(Continued)
MARCH 31, 1999

NOTE C - ACTIVITIES OF THE PHA

At March 31, 1998, the PHA was managing 30 units of lowrent in one project under Program PW - 2188.

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>Disposals</u>		<u>End of Period</u>
Land, land impts.	\$ 494,202.05	\$		\$		\$	494,202.05
Buildings	1,594,119.08						1,594,119.08
Equipment	88,857.89		7,291.84				96,149.73
Total	\$ 2,177,179.02	\$	<u>7,291.84</u>	\$	<u>0.00</u>	\$	<u>2,184,470.86</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 DUSON

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1998

NOTE F - 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 G - 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.

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

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

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

HOUSING AUTHORITY OF THE CITY OF DUBSON

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 1999

	<u>Agency Funds</u>	
	Tenant Security Deposit Funds	Total Fiduciary Funds
	<u> </u>	<u> </u>
ASSETS		
Due from General Fund	\$ 2,625.00	\$ 2,625.00
Total Assets	\$ <u>2,625.00</u>	\$ <u>2,625.00</u>
LIABILITIES		
Due to tenants	\$ 2,625.00	\$ 2,625.00
Total Liabilities	\$ <u>2,625.00</u>	\$ <u>2,625.00</u>

HOUSING AUTHORITY OF THE CITY OF DUSON
 FIDUCIARY FUNDS
 SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS
 MARCH 31, 1999

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$ 2,607.00	\$ 2,607.00
REDUCTIONS:		
Payments to tenants	<u>10.00</u>	<u>10.00</u>
Total Reductions	<u>10.00</u>	<u>10.00</u>
DEPOSIT BALANCES AT END OF YEAR	<u>\$ 2,625.00</u>	<u>\$ 2,625.00</u>

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

HOUSING AUTHORITY OF THE CITY OF DUNSMOOR

BALANCE SHEET — STATUTORY BASIS
MARCH 31, 1998ANNUAL CONTRIBUTION CONTRACT
EW — 2166ASSETS

Cash - Exhibit E	\$	1,000.00
Accounts receivable - HUD		181.00
Accounts receivable - other		301.88
Deferred charges		4,042.00
Land, structures and equipment		<u>2,124,671.44</u>
Total Assets	\$	<u>2,130,595.24</u>

LIABILITIES AND SURPLUS

Accounts payable	\$	3,552.00
Deferred credits		<u>1.00</u>
Total Liabilities		3,553.00
Surplus - Exhibit C		<u>2,127,038.31</u>
Total Liabilities and Surplus	\$	<u>2,130,595.24</u>

HOUSING AUTHORITY OF THE CITY OF DUSON
 STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS
 ANNUAL CONTRIBUTION CONTRACT
FW — 2188

	Year Ended
	03-31-98
Operating Income	
Dwelling rental	\$ 34,735.00
Interest on general fund investments	89.58
Other income	819.72
	35,644.30
Total Operating Income - Exhibit D	35,644.30
Operating Expenses	
Administration	22,133.26
Utilities	7,413.65
Ordinary maintenance and operation	24,366.09
General expense	21,765.39
Nonroutine maintenance	1,212.00
	76,890.39
Total Operating Expense - Exhibit D	76,890.39
Net Operating Income (Loss)	(41,246.09)
Other Credits	
Prior year adjustments - affecting residual receipts	5,213.77
	5,213.77
Total Other Credits	5,213.77
Net Loss - Exhibit C	\$ (36,032.32)

HOUSING AUTHORITY OF THE CITY OF DULSON

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1988

ANNUAL CONTRIBUTION CONTRACT

FW — 2166Unreserved Surplus

Balance per prior audit at 03-31-87	\$	(767,794.67)
Net loss for the year ended 03-31-88 - Exhibit B		(35,850.00)
(Provision for) reduction of Operating Reserve for year ended 03-31-88 - Exhibit D		11,817.61
Balance at 03-31-88		<u>(721,757.06)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 03-31-87		11,817.61
Provision for (reduction of) Operating Reserve for the year ended 03-31-88 - Exhibit D		(11,817.61)
Balance at 03-31-88 - Exhibit E	\$	<u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF DUBON

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1998ANNUAL CONTRIBUTION CONTRACT
EW — 2198

<u>Cumulative HUD Contributions</u>		
Balance per prior audit at 03-31-97	\$	2,457,064.57
Annual contribution for year ended 03-31-98 - Exhibit D		0.00
Operating subsidy for year ended 03-31-98		34,286.00
Balance at 03-31-98		<u>2,491,350.57</u>
<u>Cumulative HUD Grants</u>		
Balance per prior audit at 03-31-97		<u>427,457.00</u>
Balance at 03-31-98		<u>427,457.00</u>
Total Surplus - Exhibit A	\$	<u>2,127,038.31</u>

HOUSING AUTHORITY OF THE CITY OF DUSON

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
FW - 2166

	<u>Year Ended</u>
	<u>03-31-08</u>
Computation of Residual Receipts	
Operating Receipts	
Operating income - Exhibit B	\$ 35,626.30
HUD operating subsidy	34,265.00
Total Operating Receipts	<u>69,891.30</u>
Operating Expenditures	
Operating expenses - Exhibit B	75,654.27
Capital expenditures:	
Replacement of nonexpendable equipment	519.54
Property betterments and additions	8,713.00
Total Operating Expenditures	<u>83,915.81</u>
Residual receipts (deficit) per audit before provision for reserve	(14,010.51)
Audit adjustments (booked out)	<u> </u>
Residual receipts per PHA before provision for reserve	(14,010.51)
(Provision for) or reduction of operating reserve - Exhibit C	<u>11,817.61</u>
Residual deficit per PHA	<u>\$ (2,192.90)</u>

HOUSING AUTHORITY OF THE CITY OF DUSON

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT

JW - 2166

		<u>Year Ended</u>
		<u>03-31-98</u>
<u>Computation of Accruing Annual Contributions</u>		
Fixed annual contribution	\$	<u>0.00</u>
Total Annual Contribution - Exhibit C	\$	<u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF DUBSON
 ANALYSIS OF GENERAL FUND CASH BALANCE
 ANNUAL CONTRIBUTION CONTRACT
FW-2188

Composition Before Adjustments

Net operating receipts retained:

Residual deficit	\$	(2,182.00)
Deficient funds closed in prior audit		(853.00)
Audit adjustments to net operating receipts		<u>5,213.77</u>
		2,967.67

Deferred credit		1.00
-----------------	--	------

Adjustments

Expenses/costs not paid:

Accounts payable		3,552.00
------------------	--	----------

Income not received:

Accounts receivable		<u>(452.00)</u>
---------------------	--	-----------------

General Fund Cash Available		5,436.67
-----------------------------	--	----------

General Fund Cash:

Applied to deferred charges (prepaid insurance, inventories, etc.)		<u>(4,042.00)</u>
---	--	-------------------

General Fund Cash - Exhibit A	\$	<u>1,394.67</u>
-------------------------------	----	-----------------

HOUSING AUTHORITY OF THE CITY OF DUSON
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 YEAR ENDED MARCH 31, 1998

<u>FEDERAL GRANTOR</u> <u>PROGRAM TITLE</u>	<u>COFA</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				
Operating Subsidy	14,850	FW- 2166	\$ <u>34,285.00</u>	\$ <u>34,285.00</u>
Major Program Total			<u>34,285.00</u>	<u>34,285.00</u>
Total HUD			\$ <u>34,285.00</u>	\$ <u>34,285.00</u>

ERTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
5900 AIRPORT FREEWAY - SUITE 100
FORT WORTH, TEXAS 76117

(817) 851-5551
FAXED (817) 450-6883
FAX (817) 851-5551

2025 9076 00000, 001

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

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

Housing Authority of the
City of Duson
Duson, Louisiana

We have audited the financial statements of the Housing Authority of the City of Duson, Louisiana as of and for the year ended March 31, 1996, and have issued our report thereon dated September 4, 1996. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and provisions of the Louisiana *Governmental Audit Guide*.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Duson, 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 an 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 disclosed immaterial instances of noncompliance that are required to be reported under *Governmental Auditing Standards*, or the Louisiana *Governmental Audit Guide*, and are described in the accompanying Schedule of Audit Findings.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Duson, 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 assistance 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 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.

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.

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
September 4, 1998

HOUSING AUTHORITY OF THE CITY OF DUBOIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 1988

Prior Audit Findings and Questioned Cost

There were no prior audit findings.

Current Audit Findings

Questioned
Cost

- 1) The General Fund has a deficit balance.

Recommendation

The PHA should attempt to limit expenditures sufficiently to generate a current year excess of revenues over expenditures. The PHA should convert the Surplus deficit to at least a zero balance as soon as possible.

Reply

We will comply with the recommendation to the best of our ability. Since revenues are less than expenditures it will take a while to do this. Cuts will be made when possible to create a surplus instead of a deficit.

- 2) The PHA owes tenants security deposits of \$ 2,525.00. This cash deposit is not separately segregated.

Recommendation

The PHA should segregate a cash balance of at least an amount equal to security deposits.

Reply

Since we are low in revenues it will be hard to bring up our cash balances, but attempts will be made.

HOUSING AUTHORITY OF THE CITY OF DUSON

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

MARCH 31, 1997

		ACCT. # FOR AUDIT REPORT PURPOSES	DR	CR	ACCT. # FOR POSTING TO FHA BOOKS
<1>	PILOT	2137	5,213.77		2137
	Prior year adjustments - affecting residual receivables	8010		5,213.77	8010
	To adjust for waived PILOT.				