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**Housing Authority of the Town of Marksville
Marksville, Louisiana**

Financial Statements and Supplemental Financial Information
Year Ended June 30, 1999

with

Reports of Certified Public Accountants
on Financial and Compliance Examination

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

Release Date FEB 09 2000

VanRheenen & Miller, Ltd.
Certified Public Accountants
1309 East Race Avenue
Searcy, Arkansas 72143

TABLE OF CONTENTS

	PAGE
<u>Financial Section</u>	3
Independent Auditors' Report	4
<u>General Purpose Financial Statements</u>	6
Combined Balance Sheet - All Fund Types and Account Groups	7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	9
Notes to the Financial Statements	10
<u>Supplemental Financial Information - Statutory Basis</u>	15
Balance Sheet - Statutory Basis	16
Statement of Income and Expenses - Statutory Basis - Owned Housing Program	17
Analysis of Surplus - Statutory Basis	18
Computation of Residual Receipts and Accruing Annual Contributions - Owned Housing Program	19
Schedule of Modernization Costs - Uncompleted	20
Analysis of General Fund Cash Balance	21
Adjusting Journal Entries	22
<u>Supplemental Information</u>	23
Schedule of Governmental Assistance	24
Schedule of Per Diem Payments to Commissioners	25
<u>Supplemental Financial Information - GASB Required Information</u>	26
Year 2000 Supplementary Information	27
<u>Non-Financial Section</u>	28
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	29
Schedule of Findings and Questioned Costs	30
Summary Schedule of Prior Audit Findings	31

FINANCIAL SECTION

Independent Auditors' Report

Board of Commissioners
Housing Authority of the Town of Marksville
100 N. Hillside Drive
Marksville, LA 71351

We have audited the accompanying general purpose financial statements of Housing Authority of the Town of Marksville as of June 30, 1999, and for the year then ended, as listed in the table of contents. These general purpose financial statements, schedule of governmental assistance, and the supplemental financial information - statutory basis referred to below are the responsibility of the authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The financial statements of Housing Authority of the Town of Marksville as of June 30, 1998, were audited by other auditors whose report dated September 10, 1998, expressed an unqualified opinion on those statements.

Except as discussed in the following paragraph, 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain adequate documentation supporting Housing Authority of the Town of Marksville's dwelling rental income stated at \$170,534.44 for the fiscal year ended June 30, 1999. The results of our tests disclosed a projected error of \$15,441.89 in uncharged rents as described in the accompanying schedule of findings and questioned costs as item 99-1.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to dwelling rents by other auditing procedures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the Town of Marksville as of June 30, 1999, and the results of its operations 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 November 16, 1999 on our *consideration of Housing Authority of the Town of Marksville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants*.

The accompanying supplemental information is presented for purposes of additional analysis as required by Louisiana Legislative Auditor and is not a required part of the general purpose and combining financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements, and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to dwelling rents by other auditing procedures, is fairly stated, in all material respects, in relation to the general purpose and combining financial statements, taken as a whole.

The accompanying financial information listed as supplemental financial information - statutory basis in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Housing Authority of the Town of Marksville. As described in Note 1, the supplemental financial information - statutory basis was prepared in conformity with the accounting practices prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. Such supplemental financial information - statutory basis has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to dwelling rents by other auditing procedures, is fairly presented in all material respects in conformity with the comprehensive basis of accounting described in Note 1.

The supplemental financial information-GASB required information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Housing Authority of the Town of Marksville is or will become year 2000 compliant, that Housing Authority of the Town of Marksville's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Housing Authority of the Town of Marksville does business are or will become year 2000 compliant.

November 16, 1999

VanRheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1999**

	Governmental Fund Types	Account Groups		Memo Totals 1999
	Special Revenue	General Fixed Assets	General Long-term Debt	
Assets and Other Debits				
Assets:				
Cash	\$ 103,546.84	\$ -	\$ -	\$ 103,546.84
Receivables:				
Accounts, net	2,640.54	-	-	2,640.54
Inventories (FIFO cost)	2,829.41	-	-	2,829.41
Prepaid items	24,774.74	-	-	24,774.74
Deferred charges	2,759.39	-	-	2,759.39
Restricted assets:				
Fixed assets	-	7,097,585.81	-	7,097,585.81
Other debits:				
Amount to be provided for retirement of general long term debt	-	-	16,806.00	16,806.00
Total Assets and Other Debits	\$ 136,550.92	\$ 7,097,585.81	\$ 16,806.00	\$ 7,250,942.73
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts payable:				
Trade	\$ 394.50	\$ -	\$ -	\$ 394.50
Security deposits	10,095.00	-	-	10,095.00
Accrued PILOT	16,272.22	-	-	16,272.22
Fixed liabilities	-	-	16,806.00	16,806.00
Total liabilities	26,761.72	-	16,806.00	43,567.72
Equity and Other Credits:				
Investment in general fixed assets	-	7,097,585.81	-	7,097,585.81
Fund balances:				
Reserved for prepaids	24,774.74	-	-	24,774.74
Reserved for inventories	2,829.41	-	-	2,829.41
Unreserved, undesignated	82,185.05	-	-	82,185.05
Total Equity and Other Credits	109,789.20	7,097,585.81	-	7,207,375.01
Total Liabilities, Equity and Other Credits	\$ 136,550.92	\$ 7,097,585.81	\$ 16,806.00	\$ 7,250,942.73

The accompanying notes are an integral part of the financial statements.

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Year Ended June 30, 1999**

	<u>Governmental Fund Types</u>		<u>Memo Totals 1999</u>
	<u>Special Revenue</u>	<u>Capital Projects</u>	
Revenues:			
Rents	\$ 170,534.44	\$ -	\$ 170,534.44
Charges for services	6,560.72	-	6,560.72
Operational subsidies/grants	112,487.00	31,228.95	143,715.95
Interest	3,951.56	-	3,951.56
	<u>293,533.72</u>	<u>31,228.95</u>	<u>324,762.67</u>
Total Revenues			
Expenditures			
Current:			
Housing operations			
Administration	78,163.86	-	78,163.86
Utilities	7,799.02	-	7,799.02
Ordinary maintenance and operations	90,582.40	-	90,582.40
General expense	106,204.83	-	106,204.83
Capital outlay	4,220.49	31,228.95	35,449.44
	<u>286,970.60</u>	<u>31,228.95</u>	<u>318,199.55</u>
Total Expenditures			
Excess of Revenues over (under) Expenditures	6,563.12	-	6,563.12
Fund balances, beginning of period	<u>103,226.08</u>	<u>-</u>	<u>103,226.08</u>
Fund Balance, end of period	<u>\$ 109,789.20</u>	<u>\$ -</u>	<u>\$ 109,789.20</u>

The accompanying notes are an integral part of the financial statements.

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types
Year Ended June 30, 1999**

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Rents	\$ 179,670.00	\$ 170,534.44	\$ (9,135.56)
Charges for services	9,920.00	6,560.72	(3,359.28)
Operational subsidies/grants	112,487.00	112,487.00	-
Interest	4,770.00	3,951.56	(818.44)
	<u>306,847.00</u>	<u>293,533.72</u>	<u>(13,313.28)</u>
Total Revenues			
Expenditures			
Current:			
Administrative salaries	48,960.00	48,960.00	-
Professional fees	12,000.00	9,438.05	2,561.95
Travel	2,500.00	998.64	1,501.36
Sundry administration	18,000.00	18,767.17	(767.17)
Utilities	7,880.00	7,799.02	80.98
Maintenance salaries	64,390.00	63,922.05	467.95
Maintenance materials	21,000.00	17,012.88	3,987.12
Other maintenance costs	19,000.00	9,647.47	9,352.53
Insurance	38,300.00	39,544.51	(1,244.51)
PILOT	17,230.00	16,273.54	956.46
Employee benefits	45,240.00	44,069.17	1,170.83
Collection losses	3,000.00	6,317.61	(3,317.61)
Capital expenditures	7,900.00	4,220.49	3,679.51
	<u>305,400.00</u>	<u>286,970.60</u>	<u>18,429.40</u>
Total Expenditures			
Excess of Revenues over (under) Expenditures	<u>\$ 1,447.00</u>	<u>6,563.12</u>	<u>\$ 5,116.12</u>
Fund balances, beginning of period		<u>103,226.08</u>	
Fund Balance, end of period		<u>\$ 109,789.20</u>	

The accompanying notes are an integral part of the financial statements.

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Notes to the Financial Statements
June 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction.

The financial statements of the entity have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The entity is chartered as a public corporation for the purpose of administering housing programs for low income families.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds.

The following is a summary of significant accounting policies:

A. Reporting Entity.

The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Housing Authority of the Town of Marksville, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups, and programs which are controlled by the entity's governing body.

B. Basis of Presentation.

1. **Funds and Account Groups.** The accounts of the entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various accounts are grouped, in the financial statements in this report, into the following categories:

Governmental Fund Types

Special revenue fund - The special revenue funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital projects fund - The capital projects fund is used to account for financial resources to be used for the acquisition, construction, and major renovation of major capital facilities.

Account Groups

The account groups are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Total Columns on Combined Statements. Total columns on the combined statements are captioned Memo Totals 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. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
3. Land, Structures, and Equipment. Land, structures and equipment used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The entity does capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity.
4. Capitalized Interest. During project development, interest expenditures were capitalized under pre-1987 financing arrangements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to financed developments, interest expenditures are not accrued but are recorded when paid.
5. Long-term Liabilities. Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.
6. Fund Balance Reservations. Special reporting treatment is also applied in governmental funds when inventories and prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

C. Basis of Accounting.

1. Modified Accrual Basis of Accounting. All governmental fund types are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. All significant revenue sources are susceptible to accrual.

Expenditures in governmental fund types are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay which are not accrued, and (2) principal and interest on general long-term debt which is reported as expenditures in the year due.

The entity does not utilize encumbrance accounting.

2. Supplemental Financial Information - Statutory Basis. The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:
 - a. Governmental fund accounting principles are not utilized.
 - b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.
 - c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
- e. The cost of accumulated unpaid vacation and sick leave is not accrued.
- f. Financial statement formats vary from GAAP.
- g. The entity does not utilize encumbrance accounting.
- h. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as *Fixed Assets* may include costs substantially in excess of value.
- i. During project development, interest expenditures are capitalized under pre-1987 financing agreements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to completion of Pre-1987 financed developments, interest expenditures are not accrued but are recognized when paid.

D. Budgetary Data.

- 1. **Budget Policy and Practice.** The entity follows these procedures in establishing the budgetary data reflected in the financial statements:
 - a. The entity prepares annual budgets for each fund (except Debt Service Fund and the Capital Projects Fund). Prior to the beginning of each budget year, the entity's annual budget is approved by the entity's governing body. *Budgetary amendments require approval by the governing body.* Budget amounts shown in the financial statements are the final authorized amounts for the year. All budgetary appropriations lapse at the end of each fiscal year.
 - b. Budgets for the Capital Projects Fund are prepared on a project-life basis rather than on an annual basis and, therefore, have been omitted from the accompanying financial statements.
- 2. **Encumbrances.** Encumbrance accounting is not utilized by the entity.
- 3. **Budget Basis of Accounting.** The budgets are prepared on the statutory basis of accounting as prescribed by HUD.

E. Assets, Liabilities and Fund Equity.

- 1. **Cash and Cash Equivalents.** The entity defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.
- 2. **Inventories.** Inventories consists primarily of maintenance materials and supplies stated at cost, first-in first-out method.

F. Revenue, Expenditures and Expenses.

- 1. **Compensated Absences.** Vested and earned vacation and sick leave are reported in the general long-term debt account group. No expenditure is reported for those amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.
- 2. **Income Taxes.** The entity is not subject to federal or state income taxes.

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 1999**

NOTE 2 - DEPOSITS

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 (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 1999. 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. (This includes bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 127,307.94	\$ 127,307.94	\$.00	\$.00

NOTE 3 - FIXED ASSETS

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 947,187.78	\$.00	\$.00	\$ 947,187.78
Building	5,926,626.35	.00	.00	5,926,626.35
Equipment	192,415.02	4,220.49	(4,092.78)	192,542.73
Const. in progress	.00	31,228.95	.00	31,228.95
Total	\$ 7,066,229.15	\$ 35,449.44	\$ (4,092.78)	\$ 7,097,585.81

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation having a planned total cost of \$581,090.00 to be fully financed by grants from HUD.

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

NOTE 4 - FIXED LIABILITIES

Fixed liabilities consist of the following:

	Principal Balance
Payroll related costs	\$ 16,806.00

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 1999**

NOTE 4 - FIXED LIABILITIES (Continued)

Changes in fixed liabilities are as follows:

	Payroll Related Costs
Balance, beginning of period	\$ 9,118.00
Net Change	7,688.00
Balance, end of period	\$ 16,806.00

NOTE 5 - RETIREMENT PLAN

The entity provides pension benefits for all of its full-time employees through the Housing Authority of the Town of Marksville SEP-IRA (the "Plan"). The Plan is a single-employer defined contribution plan and is administered by the Housing Authority of the Town of Marksville. The Plan was established April 1985 and is authorized and may be amended by the entity's Board of Commissioners.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate immediately. 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 immediately.

The entity's total payroll in fiscal year ended June 30, 1999 was \$112,882.05. The entity's contributions were calculated using the base salary amount of \$111,452.00. Contributions to the plan were \$8,916.16 by the entity.

NOTE 6 - COMMITMENTS

Commitments arise primarily from construction in progress. Commitments at June 30, 1999 are composed of the following:

	Project Authorization	Expended to June 30, 1999	Commitment
CIAP 908-98	\$ 581,090.00	\$ 31,228.95	\$ 549,861.05

All project funds are provided by grant from HUD, therefore no additional funding is required to satisfy outstanding commitments at June 30, 1999.

NOTE 7 - CONTINGENCIES

The entity is subject to possible examinations made 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 refunds by the entity to federal grantors and/or program beneficiaries.

Two staff members of the Authority are involved in a lawsuit relating to their employment with the PHA. (See Prior Finding 98-1). The PHA may be liable for the costs associated with this lawsuit, but no liability has been recorded.

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

Housing Authority of the Town of Marksville
Marksville, Louisiana

Balance Sheet - Statutory Basis
June 30, 1999

Annual Contributions Contract FW-390

Assets

Cash-checking and on hand	\$ 103,546.84
Accounts receivable-tenants	2,640.54
Prepaid insurance	24,774.74
Materials inventory (FIFO cost)	2,829.41
Deferred charges	2,759.39
Fixed assets	<u>7,097,585.81</u>
Total Assets	<u>\$ 7,234,136.73</u>

Liabilities and Surplus

Tenants' security deposits	\$ 10,095.00
Accounts payable-other	394.50
Accrued PILOT	<u>16,272.22</u>
Total liabilities	26,761.72
Surplus	<u>7,207,375.01</u>
Total Liabilities and Surplus	<u>\$ 7,234,136.73</u>

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Statement of Income and Expenses - Statutory Basis
Owned Housing Program
Year Ended June 30, 1999**

Annual Contributions Contract FW-390

Operating income	
Dwelling rental	\$ 170,534.44
Interest on general fund investments	3,951.56
Other Income	<u>6,560.72</u>
 Total operating income	 <u>181,046.72</u>
 Operating Expenses	
Administration	78,163.86
Utilities	7,799.02
Ordinary maintenance and operations	90,332.40
General expense	106,204.83
Nonroutine maintenance	<u>250.00</u>
 Total operating expenses	 <u>282,750.11</u>
 Net operating income (loss) before other items	 (101,703.39)
 Other charges (credits)	
Loss from disposition of equipment	<u>4,092.78</u>
 Total other charges (credits)	 <u>4,092.78</u>
 Net Income (Loss)	 <u>\$ (105,796.17)</u>

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Analysis of Surplus - Statutory Basis
June 30, 1999**

Annual Contributions Contract FW-390

Unreserved surplus	
Balance per 6-30-98 audit	\$ (2,876,635.80)
Net income (loss) FYE 6-30-99	(105,796.17)
OR provision FYE 6-30-99	<u>6,471.48</u>
Balance at 6-30-99	<u>(2,975,960.49)</u>
 Reserved Surplus	
Balance per 6-30-98 audit	103,226.08
OR provision FYE 6-30-99	<u>(6,471.48)</u>
Balance at 6-30-99	<u>96,754.60</u>
 Cumulative contributions from HUD	
Balance per 6-30-98 audit	8,548,479.87
Contribution FYE 6-30-99	<u>112,487.00</u>
Balance at 6-30-99	<u>8,660,966.87</u>
 Grants from HUD	
Balance per 6-30-98 audit	1,394,385.08
Grants FYE 6-30-99	<u>31,228.95</u>
Balance at 6-30-99	<u>1,425,614.03</u>
 Total Surplus	 <u>\$ 7,207,375.01</u>

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Computation of Residual Receipts and Accruing Annual Contributions
Owned Housing Program
Year Ended June 30, 1999**

Annual Contributions Contract FW-390

Computation of Residual Receipts	
Operating receipts	
Operating income	\$ 181,046.72
HUD operating subsidy	<u>112,487.00</u>
Total operating receipts	<u>293,533.72</u>
Operating expenditures	
Operating expenses	282,750.11
Capital expenditures	<u>4,220.49</u>
Total operating expenditures	<u>286,970.60</u>
Residual Receipts before provision for reserve, per audit	6,563.12
Audit adjustments (backed out)	<u>(13,034.60)</u>
Residual Receipts before provision for reserve, per PHA	(6,471.48)
Provision for operating reserve	<u>6,471.48</u>
Residual receipts per PHA	<u>\$ -</u>

Housing Authority of the Town of Marksville
Marksville, Louisiana

Schedule of Modernization Costs - Uncompleted
June 30, 1999

Annual Contributions Contract FW-390

	<u>Project # 908-98</u>
1. Funds approved	\$ 581,090.00
Funds expended	<u>31,228.95</u>
Excess of funds approved	<u>\$ 549,861.05</u>
2. Funds advanced	\$ 31,228.95
Funds expended	<u>31,228.95</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>

Housing Authority of the Town of Marksville
Marksville, Louisiana

Analysis of General Fund Cash Balance
June 30, 1999

Annual Contributions Contract FW-390

Assets and Other Items

Cash-checking and on hand	\$ 103,546.84
Accounts receivable-tenants	2,640.54
Prepaid insurance	24,774.74
Materials inventory	2,829.41
Deferred charges	<u>2,759.39</u>
Total	<u>\$ 136,550.92</u>

Liabilities, Reserves, and Other Items

Tenants' security deposits	\$ 10,095.00
Accounts payable-other	394.50
Accrued PILOT	16,272.22
Operating reserve per PHA	96,754.60
Adjustments affecting Operating Reserve (backed out)	<u>13,034.60</u>
Total	<u>\$ 136,550.92</u>

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

Owned Housing Program

**Adjusting Journal Entries
June 30, 1999**

Annual Contributions Contract FW-390

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
Bad Debts	4570	DO NOT	\$ 3,771.40	
Allowance for Doubtful Accounts	1122.1	BOOK		\$ 3,771.40
To record allowance for doubtful accounts as of June 30, 1999. For report purposes only.				
(2)				
Accrued Annual Leave	2135.1	DO NOT	16,806.00	
Terminal Leave	4530	BOOK		16,806.00
To adjust accounts for accumulated leave. For report purposes only.				

SUPPLEMENTAL INFORMATION

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Schedule of Governmental Assistance
Year Ended June 30, 1999**

Federal Grantor/Program Title	Grant ID Number	Federal CFDA Number	Current Year Program or Award Amount	Balance Beginning of Year - Cash/ Receivable/ (Payable)	Grant Receipts or Revenue Recognized	Grant Disbursements/ Expenditures	Balance End of Year Cash/ Receivable (Payable)
U.S. Department of Housing and Urban Development Direct Programs:							
Low Income Housing - Operating subsidy	FW-390	14.850	\$ 112,487.00	\$ -	\$ 112,487.00	\$ 112,487.00	\$ -
CIAP	FW-390	14.852	581,090.00	-	31,228.95	31,228.95	-
			<u>\$ 693,577.00</u>	<u>\$ -</u>	<u>\$ 143,715.95</u>	<u>\$ 143,715.95</u>	<u>\$ -</u>
Total HUD and Grand Total							

See Note 1 to Financial Statements for a discussion of accounting principles applied to this statement.

See Notes to Financial Statements.

Housing Authority of the Town of Marksville
Marksville, Louisiana

Schedule of Per Diem Payments to Commissioners
Year Ended June 30, 1999

<u>Commissioner</u>	<u>Per Diem Amount</u>
Twyman Guillory	\$ 500.00
Clarence Jones	500.00
Marjorie Greenhouse	500.00
Timothy Descant	500.00
Julius Guillot	500.00
Total	<u>\$ 2,500.00</u>

SUPPLEMENTAL FINANCIAL INFORMATION -
GASB REQUIRED INFORMATION

**Housing Authority of the Town of Marksville
Marksville, Louisiana**

**Year 2000 Supplementary Information
June 30, 1999**

GASB Technical Bulletin No. 98-1 requires certain information to be disclosed regarding the impact of the Year 2000 (Y2K) on the processing of date dependent information by the computerized information systems being utilized by governmental entities.

GASB Technical Bulletin No. 99-1 further expounded on the disclosure requirements and methods of reporting. The disclosures that follow are intended to comply with these requirements:

It appears that the Housing Authority of the Town of Marksville has addressed the potential impact of the Year 2000 (Y2K) on the processing of date-dependent information by the computerized information systems being utilized by the Authority. The PHA is in the implementation stage of compliance. All application software, operating systems, and computer hardware appear to be Y2K compliant. The Y2K issue is the result of computer programs being written using two digits (rather than four) to define a year. This could result in miscalculations or system failures. The Authority spent \$1,455.50 during the 1998-99 year to make their application software, operating systems, and computer hardware Y2K compliant. No significant additional costs will be required to make computer systems and other equipment Y2K compliant.

NON-FINANCIAL SECTION

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

Board of Commissioners
Housing Authority of the Town of Marksville
100 N. Hillside Drive
Marksville, LA 71351

We have audited the general purpose financial statements of Housing Authority of the Town of Marksville as of and for the year ended June 30, 1999, and have issued our report thereon dated November 16, 1999 which was qualified because insufficient audit evidence exists to support Housing Authority of the City of Marksville's dwelling rents stated at \$170,534.44 for the fiscal year ended June 30, 1999. Except as discussed in the preceding sentence, 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 Housing Authority of the Town of Marksville's general purpose 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item 99-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Housing Authority of the Town of Marksville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Housing Authority of the Town of Marksville's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99-1 and 99-2.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-1 and 99-2 to be a material weaknesses.

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

November 16, 1999



VanRheenen & Miller, Ltd.
Certified Public Accountants

**Housing Authority of the Town of Marksville
Schedule of Findings and Questioned Costs
Year Ended June 30, 1999**

FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

99-1. Tenant file

Condition: Our testing of tenant files revealed the following deficiencies:

4 files contained inadequate child care deduction documentation,

4 files contained inadequate income verification documentation,

1 file contained inadequate medical deduction documentation, and

8 instances of rent calculations errors based on the deficiencies noted above.

Criteria: We selected 17 tenant files to be tested for financial statement purposes and related compliance issues. Based on the results of the tests performed on the initial 17 files, we expanded our testing by an additional 17 files for a total of 34 files selected for testing.

Effect: The PHA has not materially complied with HUD's provisions concerning tenants files. This non-compliance has resulted in a projected error of \$15,441.89 in uncharged dwelling rents, indicating the financial statements may be materially misstated. The possibility that the financial statements may be material misstated has resulted in a qualified opinion on these financial statements.

Recommendation: The auditors recommend the PHA create a detailed checklist of HUD required documentation needed for tenant files. These checklists should be included in each file upon re-exam, as well as, supporting calculations for all income and deductions to be used in determining rent charges.

Response: Our response will be addressed in a corrective action plan that the PHA is required to submit.

99-2. Late Submission of Audit Report

Criteria: Louisiana Revised Statutes (LSA-RS) 24:513 requires governmental audits to be submitted to the Legislative Auditor within six months after the fiscal year end.

Condition: The audit report was not submitted by December 31, 1999 in accordance with state law.

Effect: The Authority may be found in non-compliance with LSA-RS 24:513 and be subject to certain fines and other corrective action.

Recommendation: The Authority should submit its audit report within the statutory defined time frame.

Response: We have submitted the required report. We will insure that all future required reports will be submitted to the Legislative Auditor within the required time frame.

**Housing Authority of the Town of Marksville
Summary Schedule of Prior Audit Findings
Year Ended June 30, 1999**

There were no findings reported in the Schedule of Findings and Questioned Costs for the fiscal year ended June 30, 1998. There was one finding reported in the management letter as follows:

98-1. Legal Expenses Incurred by Staff Members

Criteria and Condition: The Authority and two staff members filed suit against a member of the Marksville City Council for damages stemming from various defamatory statements made by the City Council member that had been published. The Board of Commissioners abandoned their litigation leaving the staff members involved in the litigation. The staff members have incurred legal expenses in the institution and continued prosecution of the lawsuit. A question existed as to obligation of the Authority, if any, to reimburse the staff members for costs expended to date and the funding of continued prosecution of the suit. The staff members hold that the expense incurred are directly related to their employment at the Authority and the Authority should bear the costs.

Effect: The PHA has not recorded any liability for these costs or any contingent liability associated with the lawsuit.

Prior Auditors Recommendation: Ask for a written opinion from the Louisiana Attorney General to determine if the PHA is responsible for the legal fees incurred by the staff members as mentioned in the management letter.

Response: We will follow the auditor's recommendation.

Auditor Follow-up: As of the date of issuance of this report, no opinion has been received for the Attorney General's office.