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HOUSING AUTHORITY OF THE TOWN OF NATCHITOCHEs, LOUISIANA

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

TWELVE MONTHS ENDED MARCH 31, 1999

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 SEP 08 1999

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION

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HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEES

SUMMARY OF AUDITOR'S RESULTS AND SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results

- A. We issued an unqualified opinion on the Housing Authority of Natchitoches, Louisiana for the audit of its financial statements for the year ended March 31, 1999.
- B. No reportable conditions in internal control were disclosed by our audit of the financial statements.
- C. The audit did not disclose any noncompliance which is material to the financial statements.
- D. No reportable conditions in internal control were disclosed by our audit over major programs.
- E. We issued an unqualified opinion on compliance for major programs.
- F. Our audit disclosed no audit findings that we are required to report under 510(a) of OMB Circular A-133. Our audit procedures also included those of HUD Notice PIH 96-53..
- G. Major programs are as follows, and see Schedule of Federal Expenditures for CFDA numbers and amounts:
 - 1. Low Income Housing
 - 2. Section 8 HAP — Voucher
 - 3. Section 8 HAP — Existing
 - 4. Comprehensive Grants
- H. The dollar threshold to distinguish Type A and Type B programs is \$ 300,000.
- I. The Housing Authority of NATCHITOCHEES, Louisiana qualified for the year ended March 31, 1999 as a low-risk auditee.

Schedule of Findings and Questioned Costs

- J. There is one findings in these financial statements that is required to be reported in accordance with GAGAS.
- K. There are no audit findings or questioned costs for Federal awards which shall include audit findings as described in 510(a) of OMB Circular A-133. Our audit procedures also included those of HUD Notice PIH 96-53.

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Independent Auditor's Report

MEMBER
AMERICAN BOARD CERTIFIED
PUBLIC ACCOUNTANTS

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

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

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the Housing Authority of the City of Natchitoches, Louisiana at and for the year ended March 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of the City of Natchitoches, Louisiana' 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.

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 Natchitoches, Louisiana as of March 31, 1999 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 August 13, 1999 on our consideration of Housing Authority of the City of Natchitoches'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 Natchitoches, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Mike Estes P. C.

Fort Worth, Texas
August 13, 1999

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 1999

	Governmental Fund Types			Fiduciary Fund Types			Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt		
ASSETS									
Cash and cash equivalents	\$ 211,322.00	\$ 86,406.26	\$	\$	\$ 35,686.00	\$	\$	\$	\$ 333,414.26
Investments	298,826.00								298,826.00
Receivables, net of allowances:									
Rentals	7,837.00								7,837.00
Other	85,914.00								85,914.00
Due from:									
Other funds	3,563.00	3,915.00							7,478.00
Prepaid expenditures	27,318.00								27,318.00
Property, plant and equipment						20,516,891.00			20,516,891.00
Total Assets	\$ 634,780.00	\$ 90,321.26	\$ 0.00	\$ 0.00	\$ 35,686.00	\$ 20,516,891.00	\$ 0.00	\$	\$21,277,678.26

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
MARCH 31, 1999

	Governmental Fund Types			Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt	
LIABILITIES AND FUND EQUITY								
LIABILITIES								
Accounts payable	\$ 18696.00	\$	\$	\$	\$	\$	\$	\$ 18,696.00
Accrued liabilities	102,049.00							102,049.00
Due to:								
Tenants					35,686.00			35,686.00
Other funds	3,915.00			3,563.00				7,478.00
Other governments	88,120.00							88,120.00
Deferred revenue	39,500.00							39,500.00
Total Liabilities	<u>164,160.00</u>	<u>88,120.00</u>	<u>0.00</u>	<u>3,563.00</u>	<u>35,686.00</u>	<u>0.00</u>	<u>0.00</u>	<u>291,529.00</u>
FUND EQUITY								
Investment in general fixed assets						20,516,891.00		20,516,891.00
Fund balances:								
Reserved for capital projects				(3,563.00)				(3,563.00)
Unreserved:								
Undesignated	470,620.00	2,201.26						472,821.26
Total Fund Equity	<u>470,620.00</u>	<u>2,201.26</u>	<u>0.00</u>	<u>(3,563.00)</u>	<u>0.00</u>	<u>20,516,891.00</u>	<u>0.00</u>	<u>20,986,149.26</u>
Total Liabilities and Fund Equity	<u>\$ 634,780.00</u>	<u>\$ 90,321.26</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 35,686.00</u>	<u>\$ 20,516,891.00</u>	<u>\$ 0.00</u>	<u>\$ 21,277,678.26</u>

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 1999

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES					
Rentals	\$ 896,572.00	\$	\$	\$	\$ 896,572.00
Intergovernmental	399,876.00	1,028,590.00		536,922.00	1,965,388.00
Interest	20,737.00	3,915.00			24,652.00
Other	106,411.00				106,411.00
Total Revenues	1,423,596.00	1,032,505.00	0.00	536,922.00	2,993,023.00
EXPENDITURES					
Administration	456,308.00	155,863.62			612,171.62
Utilities	21,222.00				21,222.00
Ordinary maintenance	631,498.00				631,498.00
Tenant services	898.00				898.00
General expenditures	318,360.00				318,360.00
Extraordinary maintenance	45,375.00				45,375.00
Housing assistance payments		874,950.00			874,950.00
Other direct program costs					0.00
Capital expenditures				558,369.00	558,369.00
Total expenditures	1,473,661.00	1,030,813.62	0.00	558,369.00	3,062,843.62
Excess (deficiency) of revenues over (under) expenditures	(50,065.00)	1,691.38	0.00	(21,447.00)	(69,820.62)
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	520,685.00	509.88		17,884.00	539,078.88
FUND BALANCE, end of year	\$ 470,620.00	\$ 2,201.26	\$ 0.00	\$ (3,563.00)	\$ 469,258.26

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL FUND AND SPECIAL REVENUE FUNDS
 YEAR ENDED MARCH 31, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Over (Under) Budget	
REVENUES						
Rentals	\$ 873,755.00	\$ 896,572.00	\$ 22,817.00	\$	0.00	0.00
Intergovernmental	399,876.00	399,876.00	0.00	1,114,276.00	(85,686.00)	(85,686.00)
Interest	11,480.00	20,737.00	9,257.00		3,915.00	3,915.00
Other income	83,738.00	106,411.00	22,673.00		0.00	0.00
Total Revenues	1,368,849.00	1,423,596.00	54,747.00	1,114,276.00	(81,771.00)	(81,771.00)
EXPENDITURES						
Administration	422,489.00	456,308.00	33,819.00	165,797.00	(9,933.38)	(9,933.38)
Utilities	17,132.00	21,222.00	4,090.00		0.00	0.00
Ordinary maintenance	551,838.00	631,498.00	79,660.00		0.00	0.00
Tenant services	4,000.00	898.00	(3,102.00)		0.00	0.00
General expenditures	338,639.00	318,360.00	(20,279.00)		0.00	0.00
Extraordinary maintenance	48,000.00	45,375.00	(2,625.00)		0.00	0.00
Housing assistance payments			0.00	948,479.00	(73,529.00)	(73,529.00)
Total Expenditures	1,382,098.00	1,473,661.00	91,563.00	1,114,276.00	(83,462.38)	(83,462.38)
Excess (deficiency) of revenues over (under) expenditures	\$ (13,249.00)	(50,065.00)	\$ (36,816.00)	\$ 0.00	1,691.38	1,691.38
Transfer of net income to unreserved deficit						
FUND BALANCES, beginning of year		520,685.00				
FUND BALANCES, end of year		\$ 470,620.00				

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 DEBT SERVICE AND CAPITAL PROJECTS FUNDS
 YEAR ENDED MARCH 31, 1999

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Rentals	\$	\$	0.00	\$536,922.00	\$536,922.00	\$ 0.00
Total Revenues	0.00	0.00	0.00	536,922.00	536,922.00	0.00
EXPENDITURES						
Capital expenditures			0.00	536,922.00	558,369.00	(21,447.00)
Total Expenditures	0.00	0.00	0.00	536,922.00	558,369.00	(21,447.00)
Excess (deficiency) of revenues over (under) expenditures	\$ 0.00	0.00	0.00	\$ 0.00	(21,447.00)	\$ (21,447.00)
Transfer of net income to unreserved deficit						
FUND BALANCES, beginning of year					17,884.00	
FUND BALANCES, end of year	\$	0.00			\$ (3,563.00)	

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEES

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Natchitoches, Louisiana (the Authority), a public corporate body, was organized for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by providing decent housing, a suitable living environment, and economic opportunities principally for persons of low and moderate income.

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the City of Natchitoches, 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 March 31, 1999, 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:

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Fund Accounting (continued)

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the Authority are financed. The measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The following are the Authority's governmental fund types:

General Fund - The General Fund is the general operating fund of the Authority. The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Authority which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for the payment of interest, principal, and related costs of general long-term debt.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or rehabilitation of major capital facilities.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Authority as an agent for individuals, private organizations, other governmental units, and/or other funds. The following is the Authority's fiduciary fund type:

Agency Funds - Agency Funds include Tenant Security Deposit Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1999

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.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

NOTES TO FINANCIAL STATEMENTS

(Continued)
MARCH 31, 1999

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, 1999.

(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 disbursing fund and as a reduction of expenditures in the receiving fund.

(9) General Fixed Assets

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1999

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) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service. The cost of this has been accrued due to immateriality.

(11) 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, 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, uninsured and unregistered, but with securities held by the bank, its trust department, or its agent, pledged to the PHA, but not in the PHA's name.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

NOTES TO FINANCIAL STATEMENTS
(Continued)
MARCH 31, 1999

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total Bank Balances	Category		
	1	2	3
\$ <u>632,240.26</u>	\$ <u>358,576.26</u>	\$ <u>0.00</u>	\$ <u>273,664.00</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C - ACTIVITIES OF THE PHA

At March 31, 1999, the PHA was managing 410 units of low-rent in five projects under Program FW – 2009, 321 units of Section 8 Existing, and 134 units of Section 8 New Construction.

NOTE D - CONTINGENCIES

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Changes in the general fixed assets account group are as follows:

	End of Period
Land, land impvts.	\$ 380,000.00
Buildings	19,385,393.60
Equipment	646,087.40
Costr. in progress	105,410.00
Total	\$ <u>20,516,891.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1999

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.

NOTES F - LONG-TERM DEBT

In compliance with GAAP accounting and HUD-REAC's directive, outstanding bonds payable of \$ 2,495,000.00 owed to the federal government have been written off.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1999

NOTE G - RETIREMENT PLAN

The entity provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six months exclusionary period. The employee contributes 5.5 % and the entity contributes 8 % to 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.

Contributions to the plan were \$ 22,546.00 and \$ 32,795.00 by the employees 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.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1999

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. 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.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE K - YEAR 2000 COMPUTER CONVERSION

The PHA utilizes a fee accountant. The fee accountant has assessed the Year 2000 computer conversion issues. The fee accountant has recently purchased new computer hardware and software in anticipation of Year 2000. The software and hardware providers for the PHA's in-house software also appear to have addressed the Y2K issues, and claim they are compliant. The PHA has tested its in-house software and deems it to be Y2K ready.

NOTE L - COMPONENT PARTS OF THE PHA

The Natchitoches Housing Corporation is a 501c(3) organization. Its Board of Directors is appointed by the Board of Commissioners of the City of Natchitoches Housing Authority.

The NHC is audited by a separate auditor and has an April 30 fiscal year-end. The 4/30/99 year-end has not been audited. The 4/30/99 unaudited financial statements reflect total operating receipts of \$ 7,400.00, total expenses of \$ 14,555.00, and a net loss of \$ 7,155.00.

The Fairgrounds Road Housing Corporation is another component part of the PHA. It too has another auditor and another year-end, October 31.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 1999

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

The 10/31/98 unaudited financial statements reflect total operating receipts of \$ 240,000.00 and total expenditures of \$ 235,200.00, and a net income of \$ 4,800.00.

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

SPECIAL REVENUE FUND TYPES
 COMBINING BALANCE SHEET
 MARCH 31, 1999

	Assisted Housing Programs		
	Existing Units Program	Voucher Program	Total
ASSETS			
Cash and cash equivalents	\$ 41,216.07	\$ 45,190.19	\$ 86,406.26
Due from:			
Other funds	<u>2,564.00</u>	<u>1,351.00</u>	<u>3,915.00</u>
Total Assets	<u>\$ 43,780.07</u>	<u>\$ 46,541.19</u>	<u>\$ 90,321.26</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Due to:			
Other governments	<u>57,704.00</u>	<u>30,416.00</u>	<u>88,120.00</u>
Total liabilities	<u>57,704.00</u>	<u>30,416.00</u>	<u>88,120.00</u>
FUND EQUITY			
Unreserved and Undesignated	<u>(13,923.93)</u>	<u>16,125.19</u>	<u>2,201.26</u>
Total fund equity	<u>(13,923.93)</u>	<u>16,125.19</u>	<u>2,201.26</u>
Total liabilities and fund equity	<u>\$ 43,780.07</u>	<u>\$ 46,541.19</u>	<u>\$ 90,321.26</u>

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

SPECIAL REVENUE FUND TYPES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 MARCH 31, 1999

	Assisted Housing Programs		
	Existing Units Program	Voucher Program	Total
REVENUES			
Intergovernmental	\$ 746,467.00	\$ 282,123.00	\$1,028,590.00
Interest	2,564.00	1,351.00	3,915.00
Total Revenues	<u>749,031.00</u>	<u>283,474.00</u>	<u>1,032,505.00</u>
EXPENDITURES			
Administration	121,840.29	34,023.33	155,863.62
Housing assistance payments	641,350.00	233,600.00	874,950.00
Total Expenditures	<u>763,190.29</u>	<u>267,623.33</u>	<u>1,030,813.62</u>
Excess (deficiency) of revenues over (under) expenditures	(14,159.29)	15,850.67	1,691.38
FUND BALANCE, beginning of year	<u>235.36</u>	<u>274.52</u>	<u>509.88</u>
FUND BALANCE, end of year	<u>\$ (13,923.93)</u>	<u>\$ 16,125.19</u>	<u>\$ 2,201.26</u>

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHES

CAPITAL PROJECT FUND TYPES
 COMBINING BALANCE SHEET
 MARCH 31, 1999

		<u>CIAP Housing Programs</u>	
		<u>DEP</u>	<u>Total</u>
		<u>97</u>	
ASSETS			
Due from:			
Other funds			<u>0.00</u>
			<u>0.00</u>
Total Assets	\$	<u>0.00</u>	\$ <u>0.00</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Due to:			
Other funds		<u>3,563.00</u>	<u>3,563.00</u>
Total liabilities		<u>3,563.00</u>	<u>3,563.00</u>
FUND EQUITY			
Reserved for capital projects		<u>(3,563.00)</u>	<u>(3,563.00)</u>
Total fund equity		<u>(3,563.00)</u>	<u>(3,563.00)</u>
Total liabilities and fund equity	\$	<u>0.00</u>	\$ <u>0.00</u>

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHE

CAPITAL PROJECT FUND TYPES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 MARCH 31, 1999

CIAP Housing Program

	DEP 97	DEP 98	Comp Grant 95	Comp Grant 96	Comp Grant 97	Comp Grant 98	Total
REVENUES							
Intergovernmental	40,352.45 \$	7,125.08 \$	28,379.22 \$	171,716.73 \$	278,547.01 \$	10,801.57 \$	536,922.06 \$
Total Revenues	40,352.45	7,125.08	28,379.22	171,716.73	278,547.01	10,801.57	536,922.06
EXPENDITURES							
Capital expenditures	83,920.55	10,687.62		171,716.73	281,242.53	10,801.57	558,369.00
Total Expenditures	83,920.55	10,687.62	0.00	171,716.73	281,242.53	10,801.57	558,369.00
Excess (deficiency) of revenues over (under) expenditures	(43,568.10)	(3,562.54)	28,379.22	0.00	(2,695.52)	0.00	(21,446.94)
FUND BALANCE, beginning of year	43,568.10	0.00	(28,379.22)	0.00	2,695.52		17,884.40
FUND BALANCE, end of year	0.00 \$	(3,562.54) \$	0.00 \$	0.00 \$	0.00 \$	0.00 \$	(3,562.54) \$

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHE

FIDUCIARY FUNDS
 COMBINING BALANCE SHEET
 MARCH 31, 1999

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
ASSETS		
Cash and cash equivalents	\$ 35,686.00	\$ 35,686.00
Total Assets	<u>\$ 35,686.00</u>	<u>\$ 35,686.00</u>
LIABILITIES		
Due to tenants	\$ 35,686.00	\$ 35,686.00
Total Liabilities	<u>\$ 35,686.00</u>	<u>\$ 35,686.00</u>

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

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

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$ 36,184.00	\$ 36,184.00
ADDITIONS		0.00
_____		0.00
_____		0.00
_____		0.00
_____		0.00
_____		0.00
Total Additions	<u>0.00</u>	<u>0.00</u>
REDUCTIONS		
<u>Payments to Tenants</u>	498.00	498.00
_____		0.00
_____		0.00
_____		0.00
_____		0.00
Total Reductions	<u>498.00</u>	<u>498.00</u>
DEPOSIT BALANCES AT END OF YEAR	<u>\$ 35,686.00</u>	<u>\$ 35,686.00</u>

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

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

BALANCE SHEET — STATUTORY BASIS
MARCH 31, 1999ANNUAL CONTRIBUTION CONTRACT
FW — 2009ASSETS

Cash	\$	235,347.00
Accounts receivable - tenants		7,168.00
Accounts receivable - Section 8 Exhibit A(4)		20,271.00
Investments - Note B		285,237.00
Deferred charges		17,557.00
Land, structures and equipment		<u>20,478,696.00</u>
Total Assets	\$	<u>21,044,276.00</u>

LIABILITIES AND SURPLUS

Accounts Payable- Exhibits A(2)& A(3)	\$	3,915.00
Accounts payable		49,100.00
Accrued liabilities		<u>102,049.00</u>
Total Liabilities		155,064.00
Surplus - Exhibit C(1)		<u>20,889,212.00</u>
Total Liabilities and Surplus	\$	<u>21,044,276.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

BALANCE SHEET – STATUTORY BASIS
MARCH 31, 1999ANNUAL CONTRIBUTION CONTRACT
FW – 2121
SECTION 8 EXISTINGASSETS

Cash	\$	41,216.07
Accounts receivable - Voucher		353,204.76
Accounts receivable - Low Rent		2,564.00
Land, structures and equipment		<u>7,780.25</u>
Total Assets	\$	<u><u>404,765.08</u></u>

LIABILITIES AND SURPLUS

Accounts payable - HUD - Exhibit D(2)	\$	<u>57,704.00</u>
Total Liabilities		57,704.00
Surplus - Exhibit C(2)		<u>347,061.08</u>
Total Liabilities and Surplus	\$	<u><u>404,765.08</u></u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

BALANCE SHEET — STATUTORY BASIS
MARCH 31, 1999ANNUAL CONTRIBUTION CONTRACT
FW — 2057
SECTION 8 VOUCHERASSETS

Cash	\$	45,190.19
Accounts receivable - Low Rent		1,351.00
Land, structures and equipment		<u>8,400.00</u>
Total Assets	\$	<u>54,941.19</u>

LIABILITIES AND SURPLUS

Accounts payable - HUD - Exhibit D(3)	\$	30,416.00
Accounts payable - Existing		<u>353,204.76</u>
Total Liabilities		383,620.76
Surplus - Exhibit C(2)		<u>(328,679.57)</u>
Total Liabilities and Surplus	\$	<u>54,941.19</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

BALANCE SHEET — STATUTORY BASIS
MARCH 31, 1999

ANNUAL CONTRIBUTION CONTRACT
FW — 2057
SECTION 8 ADMINISTRATIVE FEE

ASSETS

Cash	\$	6,326.05
Accounts receivable - Fairgrounds Road Housing Corporation		85,913.55
Prepaid Insurance		9,760.74
Land, structures and equipment		<u>38,195.40</u>
Total Assets	\$	<u><u>140,195.74</u></u>

LIABILITIES AND SURPLUS

Accounts payable - Other	\$	459.33
Accounts payable - Low Rent - Exhibit A(1)		<u>20,270.92</u>
Total Liabilities		20,730.25
Surplus - Exhibit C(4)		<u>119,465.49</u>
Total Liabilities and Surplus	\$	<u><u>140,195.74</u></u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

BALANCE SHEET — STATUTORY BASIS
MARCH 31, 1999

FAIRGROUNDS ROAD ADMINISTRATION

ASSETS

Cash	\$	5,335.16
Investments		13,589.39
Accounts receivable - tenants		669.18
		<hr/>
Total Assets	\$	<u>19,593.73</u>

LIABILITIES AND SURPLUS

Deferred credits	\$	39,500.00
Accounts payable		4,822.31
		<hr/>
Total Liabilities		44,322.31
Surplus - Exhibit C(5)		<u>(24,728.58)</u>
Total Liabilities and Surplus	\$	<u>19,593.73</u>

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

ANNUAL CONTRIBUTION CONTRACT
FW – 2009

		Year Ended
		03-31-99
Operating Income		
Dwelling rental	\$	561,457.00
Interest on general fund investments		18,067.00
Other income		51,703.00
Total Operating Income - Exhibit D(1)		631,227.00
Operating Expenses		
Administration		285,369.00
Tenant Expense		898.00
Utilities		16,140.00
Ordinary maintenance and operation		418,480.00
General expense		286,121.00
Nonroutine maintenance		45,375.00
Total Operating Expense - Exhibit D(1)		1,052,383.00
Net Operating Income (Loss)		(421,156.00)
Net Loss - Exhibit C(1)	\$	(421,156.00)

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs
STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS
ANNUAL CONTRIBUTION CONTRACT
FW – 2121
SECTION 8 EXISTING

	Year Ended
	03-31-99
Operating Income	
Interest income	\$ 2,564.00
Total Operating Income - Exhibit D(2)	2,564.00
Operating Expenses	
Administration	106,501.28
Housing assistance payments	641,350.00
Total Operating Expense - Exhibit D(2)	747,851.28
Net Operating Income (Loss)	(745,287.28)
Net Loss - Exhibit C(2)	\$ (745,287.28)

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs
STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS
ANNUAL CONTRIBUTION CONTRACT
FW – 2057
SECTION 8 VOUCHER

		Year Ended
		03-31-99
Operating Income		
Interest income	\$	1,351.00
Total Operating Income - Exhibit D(3)		1,351.00
Operating Expenses		
Administration		49,362.74
Housing assistance payments		233,600.00
Total Operating Expense - Exhibit D(3)		282,962.74
Net Operating Income (Loss)		(281,611.74)
Net Loss - Exhibit C(3)	\$	(281,611.74)

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs
STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS
SECTION 8 ADMINISTRATIVE FEE

		Year Ended
		03-31-99
Operating Income		
Interest income	\$	1,902.62
Administrative fees transferred		116,232.08
Total Operating Income - Exhibit D(3)		118,134.70
Operating Expenses		
Administration		110,901.15
Ordinary maintenance and operation		16,254.48
General expense		29,360.45
Total Operating Expense		156,516.08
Net Operating Income (Loss)		(38,381.38)
Net Loss - Exhibit C(3)	\$	(38,381.38)

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs
STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS
FAIRGROUNDS ROAD ADMINISTRATION

		Year Ended
		03-31-99
Operating Income		
Dwelling rental	\$	15,969.92
Interest on general fund investments		766.87
Other income		4,459.79
Operating subsidy from trustee		164,395.36
Dwelling rental - Section 8		38,518.00
Total Operating Income - Exhibit D(3)		224,109.94
Operating Expenses		
Administration		60,038.36
Utilities		5,082.11
Ordinary maintenance and operation		196,763.91
General expense		2,878.24
Total Operating Expense		264,762.62
Net Operating Income (Loss)		(40,652.68)
Net Loss - Exhibit C(3)	\$	(40,652.68)

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEES

ANALYSIS OF SURPLUS – STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1999ANNUAL CONTRIBUTION CONTRACT
FW – 2009Unreserved Surplus

Balance per prior audit at 03-31-98	\$	(10,159,369.00)
Other Adjustment		(5,011.34)
Net loss for the year ended 03-31-99 - Exhibit B (Provision for) reduction of Operating Reserve for year ended 03-31-99 - Exhibit D(1)		(421,156.00)
		26,290.00
Balance at 03-31-99		<u>(10,559,246.34)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 03-31-98		325,743.00
Provision for (reduction of) Operating Reserve for the year ended 03-31-99 - Exhibit D(1)		(26,290.00)
Balance at 03-31-99	\$	<u>299,453.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1999ANNUAL CONTRIBUTION CONTRACT
FW — 2009Cumulative HUD Contributions

Balance per prior audit at 03-31-98	\$	20,687,372.00
To write off notes payable, accrued bond interest, and debt amortization funds for GAAP accounting		2,226,023.56
To adjust for accumulated bond interest on Development LA48P115-007		517,085.72
Operating subsidy for year ended 03-31-99		399,876.00
Balance at 03-31-99		<u>23,830,357.28</u>

Cumulative HUD Grants

Balance per prior audit at 03-31-98		6,781,726.00
Advances for year ended 03-31-99		536,922.06
Balance at 03-31-99		<u>7,318,648.06</u>
Total Surplus - Exhibit A(1)	\$	<u>20,889,212.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

ANALYSIS OF SURPLUS – STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1999ANNUAL CONTRIBUTION CONTRACT
FW – 2121Unreserved Surplus

Balance per prior audit at 03-31-98	\$	(11,358,456.23)
Net loss for the year ended 03-31-99 - Exhibit B(2)		(745,287.28)
(Provision for) reduction of Operating Reserve for year ended 03-31-99 - Exhibit D(2)		(1,179.72)
(Provision for) reduction of Project Account for year ended 03-31-99 - Exhibit D(2)		(393,488.00)
Transfer from MOD Rehab		(3,209,938.51)
Revision of 03/31/98 HUD 52681		1,975,991.00
HUD recapture		558,602.00
Balance at 03-31-99		<u>(13,173,756.74)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 03-31-98		235.36
Provision for (reduction of) Operating Reserve for the year ended 03-31-99 - Exhibit D(2)		1,179.72
Balance at 03-31-99	\$	<u>1,415.08</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1999ANNUAL CONTRIBUTION CONTRACT
FW — 2121

<u>Project Account</u>	
Balance per prior audit at 03-31-98	\$ 2,848,973.00
Provision for (reduction of) Project Account for year ended 03-31-99 - Exhibit D(2)	393,488.00
Transfer from MOD Rehab	955,781.00
Revision of 03-31-99 HUD 52681	(1,975,991.00)
HUD recapture	(558,602.00)
Balance at 03-31-99	<u>1,663,649.00</u>
<u>Cumulative HUD Contributions</u>	
Balance per prior audit at 03-31-98	8,921,558.00
Annual contribution for year ended 03-31-99 - Exhibit D(2)	746,467.00
Transfer from Mod Rehab	<u>2,187,728.74</u>
Balance at 03-31-99	<u>11,855,753.74</u>
Total Surplus - Exhibit A(2)	<u>\$ 347,061.08</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

ANALYSIS OF SURPLUS – STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1999ANNUAL CONTRIBUTION CONTRACT
FW – 2057Unreserved Surplus

Balance per prior audit at 03-31-98	\$	(3,994,889.75)
Net loss for the year ended 03-31-99 - Exhibit B(3)		(281,611.74)
(Provision for) reduction of Operating Reserve for year ended 03-31-99 - Exhibit D(3)		(511.26)
(Provision for) reduction of Project Account for year ended 03-31-99 - Exhibit D(3)		(47,806.00)
HUD adjustment for 3-99		407,982.00
HUD recapture		
Balance at 03-31-99		<u>(3,916,836.75)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 03-31-98		274.92
Provision for (reduction of) Operating Reserve for the year ended 03-31-99 - Exhibit D(3)		511.26
Balance at 03-31-99	\$	<u>786.18</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

ANALYSIS OF SURPLUS – STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1999ANNUAL CONTRIBUTION CONTRACT
FW – 2057Project Account

Balance per prior audit at 03-31-98	\$	462,690.00
Provision for (reduction of) Project Account for year ended 03-31-99 - Exhibit D(3)		47,806.00
HUD adjustment for 3-98		<u>(407,982.00)</u>
Balance at 03-31-99		<u>102,514.00</u>

Cumulative HUD Contributions

Balance per prior audit at 03-31-98		3,202,734.00
Annual contribution for year ended 03-31-99 - Exhibit D(2)		282,123.00
Balance at 03-31-99		<u>3,484,857.00</u>

Total Surplus - Exhibit A(3)	\$	<u><u>328,679.57</u></u>
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HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1999

SECTION 8 ADMINISTRATIVE FEE

Surplus

Balance per prior audit at 03-31-98	\$	157,846.87
Net income (loss) for the year ended 03-31-99		(38,381.38)
Balance at 03-31-99		<u>119,465.49</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED MARCH 31, 1999

FAIRGROUNDS ROADS ADMINISTRATION

Surplus

Balance per prior audit at 03-31-98	\$	15,924.10
Net income (loss) for the year ended 03-31-99		(40,652.68)
Balance at 03-31-99		<u>(24,728.58)</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT

FW — 2009

	<u>Year Ended</u>
	<u>03-31-99</u>
<u>Computation of Residual Receipts</u>	
<u>Operating Receipts</u>	
Operating Income - Exhibit B(1)	\$ 631,227.00
HUD operating subsidy	399,876.00
Total Operating Receipts	<u>1,031,103.00</u>
<u>Operating Expenditures</u>	
Operating expenses - Exhibit B(1)	1,052,383.00
Capital expenditures:	
Replacement of nonexpendable equipment	3,010.00
Property betterments and additions	2,000.00
Total Operating Expenditures	<u>1,057,393.00</u>
Residual receipts (deficit) per audit before provision for reserve	(26,290.00)
Audit adjustments (backed out)	<u> </u>
Residual receipts per PHA before provision for reserve	(26,290.00)
(Provision for) or reduction of operating reserve - Exhibit C(1)	26,290.00
Residual receipts per PHA	<u>\$ 0.00</u>

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

ANNUAL CONTRIBUTION CONTRACT
FW – 2121
SECTION 8 EXISTING

		<u>Year Ended</u> <u>03-31-99</u>
Maximum Contribution Available		
Maximum annual contribution authorized	\$	1,139,955.00
Project account balance at beginning of fiscal year		2,848,973.00
HUD recapture per 12/21/98 letter		(558,602.00)
Revision of 3-31-98 HUD 52681		(1,975,991.00)
Total Annual Contribution Available		<u>1,454,335.00</u>
Annual Contribution Required		
Housing assistance payments		641,350.00
Administrative fee		106,691.00
Hard-to-house fee		990.00
		<u>749,031.00</u>
Project receipts other than annual contribution		<u>2,564.00</u>
Total Contribution Required - Exhibit C(2)		<u>(746,467.00)</u>
Excess in Annual Contribution Available	\$	<u>707,868.00</u>
Year-end Settlement		
Annual contribution due for fiscal year		746,467.00
Total partial payments received by PHA for fiscal year		<u>804,171.00</u>
(Over) Under Payment Due (HUD) PHA	\$	<u>57,704.00</u>

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

ANNUAL CONTRIBUTION CONTRACT
FW – 2121

		<u>Year Ended</u> <u>03-31-99</u>
Status of Project Account		
Project account balance at the beginning of fiscal year	\$	2,848,973.00
Increase (decrease) during fiscal year - Exhibit C(2)		393,488.00
HUD recapture		(558,602.00)
Revision of 3-31-99 HUD 52681		(1,975,991.00)
		<u>707,868.00</u>
Provision for Operating Reserve		
Operating receipts		
Operating income - Exhibit B(2)		2,564.00
Annual contributions earned		746,467.00
		<u>749,031.00</u>
Operating Expenditures		
Operating expenses -Exhibit B(2)		747,851.28
		<u>747,851.28</u>
Residual receipts (deficit) before provision for operating reserve		1,179.72
Audit adjustments - backed out		
(Provision for) reduction of operating reserve - Exhibit C(2)		(1,179.72)
Residual receipts (deficit) per PHA	\$	<u><u>0.00</u></u>

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

ANNUAL CONTRIBUTION CONTRACT
FW — 2057
SECTION 8 VOUCHER

		<u>Year Ended</u>
		<u>03-31-99</u>
<i>Maximum Contribution Available</i>		
Maximum annual contribution authorized	\$	329,929.00
Project account balance at beginning of fiscal year		462,690.00
HUD adjustment for 3-98		(407,982.00)
Total Annual Contribution Available		<u>384,637.00</u>
<i>Annual Contribution Required</i>		
Housing assistance payments		233,600.00
Administrative fee		49,739.00
Hard-to-house fee		135.00
		<u>283,474.00</u>
Project receipts other than annual contribution		<u>1,351.00</u>
Total Contribution Required - Exhibit C(3)		<u>282,123.00</u>
Excess in Annual Contribution Available	\$	<u><u>102,514.00</u></u>
<i>Year-end Settlement</i>		
Annual contribution due for fiscal year		282,123.00
Total partial payments received by PHA for fiscal year		<u>312,539.00</u>
(Over) Under Payment Due (HUD) PHA	\$	<u><u>(30,416.00)</u></u>

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

ANNUAL CONTRIBUTION CONTRACT
FW – 2057
 SECTION 8 VOUCHER

		<u>Year Ended</u> <u>03-31-99</u>
Status of Project Account		
Project account balance at the beginning of fiscal year	\$	462,690.00
Increase (decrease) during fiscal year		47,806.00
HUD adjustment for 3-98		(407,982.00)
		<u>102,514.00</u>
Provision for Operating Reserve		
Operating receipts		
Operating income - Exhibit B(3)		1,351.00
Annual contributions earned		282,123.00
		<u>283,474.00</u>
Operating Expenditures		
Operating expenses -Exhibit B(3)		282,962.74
		<u>282,962.74</u>
Residual receipts (deficit) before provision for operating reserve		511.26
Audit adjustments - backed out		
(Provision for) reduction of operating reserve - Exhibit C(3)		(511.26)
Residual receipts (deficit) per PHA	\$	<u><u>0.00</u></u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs
 STATEMENT OF COMP GRANT COSTS – UNCOMPLETED
 MARCH 31, 1999

	<u>Project 97 Comp</u>	<u>Project 98 Comp</u>
Funds Approved	367,206.00	384,631.00
Funds Expended	<u>278,547.01</u>	<u>10,801.57</u>
Excess of Funds Approved	<u>88,658.99</u>	<u>373,829.43</u>
Funds Advanced	278,547.01	10,801.57
Funds Expended	<u>278,547.01</u>	<u>10,801.57</u>
Excess of Funds Advanced - Exhibit F(1)	<u>0.00</u>	<u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs
STATEMENT AND CERTIFICATION OF COMP GRANT COSTS

ANNUAL CONTRIBUTION CONTRACT
FW — 2009

1. The Actual Modernization Costs of are as follows:

	Project 95 Comp	Project 96 Comp
Funds Approved	449,344.00	377,595.00
Funds Expended	449,344.00	377,595.00
Excess of Funds Approved	0.00	0.00.
Funds Advanced	449,344.00	377,595.00
Funds Expended	449,344.00	377,595.00
Excess of Funds Advanced	0.00	0.00

2. The distribution of costs by project as shown on the HUD-53001 dated April 24, 1998 for 1995 and September 23, 1998 for 1996 are in agreement with budgeted line items approved by the grant.
3. All costs associated with the grant and related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

STATEMENT OF DEP – UNCOMPLETED
MARCH 31, 1999

	<u>1997</u>	<u>1998</u>
Funds Approved	123,000.00	123,000.00
Funds Expended	<u>83,920.55</u>	<u>10,687.62</u>
Excess of Funds Approved	<u>39,079.45</u>	<u>112,312.38</u>
Funds Advanced	83,920.55	7,125.08
Funds Expended	<u>83,920.55</u>	<u>10,687.62</u>
Excess of Funds Expended	<u>0.00</u>	<u>(3,562.54)</u>

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs
 PHA'S STATEMENT AND CERTIFICATION OF ACTUAL DEVELOPMENT COST
 PROJECT

ANNUAL CONTRIBUTION CONTRACT
FW – 2009

1. The actual development costs of the project, per the PHA, are as follows:

Classification	LA 48 P 115-007 Amount
Administration	\$ 66,407.13
Dwelling equipment	53,422.71
Interest - expense	517,085.72
Nondwelling contribution	21,500.00
Planning	153,686.59
Site acquisition	1,991,568.50
Site improvement	70,627.85
Dwelling structures	1,211,653.36
Nondwelling structures	25,128.90
Nondwelling equipment	1,860.00
Relocation	
Total cost -	\$ 4,112,940.76

2.	Total advanced plus accumulated loan interest of \$ 517,085.72	4,115,898.79
	Total costs incurred by the PHA	4,112,940.76
	Amount due to HUD	2,958.03

3. Since the ADCC was prepared, the PHA has misplaced the detailed records used to support the costs breakdown. Therefore, I was unable to agree the detailed costs to the detailed records. The total costs of \$ 4,112,940.76 agrees to the general ledger.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

STATEMENT OF FAIRGROUNDS ROADS EXPENDITURES PAID BY SECTION 8
MARCH 31, 1999

\$46,413.55 was paid by a total of forty-two separate disbursements, from the Section 8 funds for Fairgrounds Road Redevelopment Partnership (FRRP). The support for these disbursements were reviewed, and they were for FRRP. An additional \$ 39,500.00 was expended for Fairgrounds Roads 3-9-99.

\$ 85,913.55 is reflected on the books as a receivable from FRRP at 3-31-99 by the Section 8 Administrative Fee Accounts. This was reimbursed to the PHA in June, 1999.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED MARCH 31, 1999

<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	14.850	FW- 2009	\$	\$ 0.00 1/
Operating Subsidy	14.850	FW- 2009	399,876.00	399,876.00
Drug Program	14.850	FW- 2009	91,045.63	83,920.55
Major Program Total			<u>490,921.63</u>	<u>483,796.55</u>
Section 8 HAP -				
Existing	14.857	FW- 2121	746,467.00	746,467.00
Voucher	14.855	FW- 2057	282,123.00	282,123.00
Major Program Total			<u>1,028,590.00</u>	<u>1,028,590.00</u>
Comprehensive				
Grant Program -				
Project 1995	14.859	FW- 2009	28,379.22	0.00
Project 1996	14.859	FW- 2009	171,716.73	171,716.73
Project 1997	14.859	FW- 2009	234,978.91	234,978.91
Project 1998	14.859	FW- 2009	10,801.57	10,801.57
Major Program Total			<u>445,876.43</u>	<u>417,497.21</u>
Total HUD			\$ <u>1,965,388.06</u>	\$ <u>1,929,883.76</u>

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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
City of Natchitoches
Natchitoches, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Natchitoches, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and HUD Notice PIH 96-53 that are applicable to each of its major federal programs for the year ended March 31, 1999. The Housing Authority of the City of Natchitoches, 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 City of Natchitoches, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of the City of Natchitoches, 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, *Audits of States, Local Governments, and Non-Profit Organizations* and HUD Notice PIH 96-53. 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 City of Natchitoches, 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 City of Natchitoches, Louisiana's compliance with those requirements.

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.

Internal Control Over Compliance

The management of The Housing Authority of the City of Natchitoches, 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 City of Natchitoches, 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.

Mike Estes P. C.

Fort Worth, Texas
August 13, 1999

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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
City of Natchitoches
Natchitoches, Louisiana

We have audited the financial statements of the Housing Authority of the City of Natchitoches, Louisiana as of and for the year ended March 31, 1999, and have issued our report thereon dated August 13, 1999. 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.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Natchitoches, 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 disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, or the Louisiana Governmental Audit Guide, and is noted in the Audit Findings.

Internal Control Over Financial Reporting

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

Mike Estes P. C.

Fort Worth, Texas
August 13, 1999

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MARCH 31, 1999

Prior Audit Findings and Questioned Cost

There were three prior audit findings. All have been cleared.

Current Audit Findings

Questioned
Cost

1. The following expense amounts exceeded the budgeted amounts:

	<u>Budget</u>	<u>Actual</u>
Administrative Salaries	\$ 168,870.00	176,216.00
Total Administrative expense	251,550.00	285,369.00
Total routine expense	912,820.00	1,007,008.00

Recommendation

Whenever possible, the PHA should try to keep expenses within the budgeted amounts.

Reply

We will comply with the above. We accrued earned vacation time of \$ 47,517.00. We had not accrued earned vacation time in prior years.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

MARCH 31, 1999

<u>LOW RENT</u>	<u>ACCT. # FOR AUDIT REPORT PURPOSES</u>	<u>DR</u>	<u>CR</u>	<u>ACCT. # FOR POSTING TO PHA BOOKS</u>
<1> Development cost- interest	1236	517,085.72		1236
Annual contribution	2850		517,085.72	2840
To adjust for accumulated loan interest on Project LA 48P 115-007				
<2> Costs on closed CIAP, Comp Grants, and DEP	1200	7,447,670.00		1200
Cumulative Grants	2850		7,447,670.00	2850

To place back on books these costs. PHA was advised at a 1998 GAAP seminar to write off these costs. Current thinking is to only write off the soft costs of these programs. Client will do so in current fiscal year.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

MARCH 31, 1999

	<u>FAIRGROUNDS ROAD ADMINISTRATION</u>	<u>ACCT. # FOR AUDIT REPORT PURPOSES</u>	<u>DR</u>	<u>CR</u>	<u>ACCT. # FOR POSTING TO PHA BOOKS</u>
<1> Other income		3020	39,500.00		Fund Balance
Annual contribution		2290		39,500.00	2290

To reclassify \$ 39,500.00 transfer from Section 8 administrative.

HOUSING AUTHORITY OF THE CITY OF NATCHITOCHEs

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

MARCH 31, 1999

SECTION 8 ADMINISTRATIVE ACCOUNT	ACCT. # FOR AUDIT REPORT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
<1> <u>Accounts Receivable</u>				
Fairgrounds Road Redevelopment Partnership	1162	85,913.55		1162
Contract Costs	4430		78,351.54	Fund Balance
Sundry	4180		1,090.51	Fund Balance
Insurance	4510		5,959.50	Fund Balance
Contract Labor	4120		512.00	Fund Balance

To reclassify costs reimbursed in June, 1999.

<2> Salaries	4110	11,332.65		Fund Balance
Employee Benefit Contributions	4540	5,188.27		Fund Balance
Sundry	4190	3,750.00		Fund Balance
Accounts payable- Low rent	2111		20,270.92	2111

To accrue quarter ended 3-31-99 expenses.