

**Housing Authority of the  
TOWN OF ERATH**  
Erath, Louisiana

**Annual Financial Report  
As of and for the Year Ended December 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8/15/07

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
Erath, Louisiana  
**Basic Financial Statements**  
As of and for the Fiscal Year Ended December 31, 2006  
With Supplemental Information Schedules

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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
**Housing Authority of the Town of Erath**  
Erath, Louisiana

I have audited the accompanying basic financial statements of the Housing Authority of the Town of Erath (the authority) as of and for the year ended December 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the Town of Erath as of December 31, 2006, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Independent Auditor's Report, 2006

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In accordance with *Government Auditing Standards*, I have also issued my report dated June 15, 2007 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis listed in the table of contents, is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the authority's basic financial statements. The financial data schedule and other supplementary information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the authority. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

June 15, 2007

**Housing Authority of the Town of Erath**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2006**

As management of the Housing Authority of the Town of Erath, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the Town of Erath.

**Financial Highlights**

- The assets of the Authority exceeded its liabilities as of December 31, 2006 by \$1,907,045 (net assets).
- The Authority's cash and cash equivalent balance as of December 31, 2006 was \$124,453.
- The Authority had intergovernmental revenue of \$127,288 in HUD operating subsidies, and \$79,254 in capital grants, and \$73,378 in FEMA grants for the year ended December 31, 2006.

**Overview of Financial Statements**

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Assets – reports the Authority's assets and liabilities at the end of the operating year and provides information about the nature and amounts of investment of resources and obligations to creditors.
- Statement of Revenue, Expenses, and Change in Net Assets – reports the results of activity over the course of the current year. It details the costs associated with operating the Authority and how those costs were funded. It also provides an explanation of the change in net assets from the previous operating period to the current operating period.
- The Notes to the Financial Statements - provide additional information that is essential to a full understanding of the data provided in the financial statements.
- Other information in addition to the basic financial statements and accompanying notes - presents certain supplementary information regarding the Authority's electronic data submitted to HUD REAC.

**Housing Authority of the Town of Erath  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the Year Ended December 31, 2006**

Our analysis of the Authority as a whole begins on this page. The most important question asked about the Authority's finances is, "Is the Authority, as a whole, better or worse off as a result of the year's activities?"

The attached analysis of entity wide net assets, revenue, and expenses are provided to assist with answering the above question.

This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net assets and changes in them. You can think of the Authority's net assets as the difference between what the Authority owns (assets) and what the Authority owes (liabilities). The change in net assets analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

**Total Assets** as of December 31, 2006 were \$1,957,719. This represents a net increase from 2005 total assets due to the restoration and improvements of capital assets following the hurricane damage.

**Current Assets** decreased significantly in 2006. The primary cause of this decrease was related to the receipt of insurance proceeds in 2005.

**Net Capital Assets** increased significantly in 2006. During the year, the Authority incurred cost of \$916,806 for building and improvements. Furniture and equipment incurred no change. Depreciation expense totaled \$116,764 for the year.

**Current Liabilities** reflect an increase as of December 31, 2006. This was the result of increases in amounts outstanding at year-end in vendor accounts payable.

**Long Term Liabilities** reflect a slight increase at fiscal year end in the long-term accrued compensated absences balance.

**Housing Authority of the Town of Erath  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the Year Ended December 31, 2006**

**Net Assets** – The difference between an organization's assets and its liabilities is its net assets. Net assets are categorized as one of three types.

1. **Invested in capital assets, net of related debt** – Capital assets, net of accumulated depreciation and reduced by debt attributable to the acquisition of those assets;
2. **Restricted** – net assets whose use is subject to constraints imposed by law or agreement;
3. **Unrestricted** – net assets that are neither invested in capital assets nor restricted.

**Housing Authority of the Town of Erath - Net Assets**

	<u>2006</u>	<u>2005</u>
Current assets	\$ 146,094	\$ 945,066
Restricted assets	5,349	5,571
Capital assets (net)	<u>1,806,276</u>	<u>1,006,234</u>
<b>Total assets</b>	<b><u>\$ 1,957,719</u></b>	<b><u>\$ 1,956,871</u></b>
Current liabilities	\$ 41,696	\$ 35,973
Tenant security deposits	5,349	5,571
Long-term liabilities	<u>3,629</u>	<u>2,324</u>
<b>Total Liabilities</b>	<b><u>\$ 50,674</u></b>	<b><u>\$ 43,868</u></b>
Invested in capital assets	\$ 1,806,276	\$ 1,006,234
Restricted Net Assets	-	-
<b>Unrestricted Net Assets</b>	<b><u>100,769</u></b>	<b><u>906,769</u></b>
<b>Total Net Assets</b>	<b><u>\$ 1,907,045</u></b>	<b><u>\$ 1,913,003</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,957,719</u></b>	<b><u>\$ 1,956,871</u></b>

For the year ended 2006, total operating revenue was \$139,435. Operating revenue decreased primarily due to a decrease in operating grants and a reduction in rent income due to the hurricane disabling all units. The authority received \$ 79,254 for capital funding programs which was used for modernization of buildings

Interest income from investments was up as a result of the maturity of certificates of deposit.

**Housing Authority of the Town of Erath  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the Year Ended December 31, 2006**

**Total Operating Expenses** decreased in 2006. This decrease is mainly due to a decrease in repairs and maintenance expense.

**General and Administrative** costs slightly increased when compared to the prior year.

**Maintenance** expenditures decreased in 2006 due to major building repair and maintenance in 2005.

**Depreciation** expenses in 2006 amounted to \$116,764.

**Housing Authority of the Town of Erath - Changes in Net Assets**

	<u>2006</u>	<u>2005</u>
Revenues:		
Operating revenues:		
Public housing operating subsidy	\$ 127,288	\$ 122,200
Operating grants	-	10,710
Dwelling rental	12,147	45,642
Non-operating revenues:		
Capital grants	79,254	20,846
Other Government grants	73,378	-
Interest revenue	4,656	1,863
Miscellaneous	<u>727</u>	<u>768,604</u>
Total revenues	<u>\$ 297,450</u>	<u>\$ 969,865</u>
Expenses:		
General and administrative	\$ 172,873	\$ 171,323
Repairs and maintenance	5,775	113,720
Utilities	7,997	6,271
Tenant services	-	-
Miscellaneous Expense	-	-
Depreciation and amortization	<u>116,764</u>	<u>68,657</u>
Total expenses	<u>\$ 303,409</u>	<u>\$ 359,971</u>
Increase (Decrease) in net assets	\$ (5,959)	\$ 609,894
Net assets – Prior Year	<u>\$ 1,913,003</u>	<u>\$ 1,303,109</u>
Net assets –	<u>\$ 1,907,044</u>	<u>\$ 1,913,003</u>



**Housing Authority of the Town of Erath  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the Year Ended December 31, 2006**

*Capital Assets*

**Capital assets.** The Housing Authority of the Town of Erath's investment in capital assets as of December 31, 2006, amounts to \$1,806,276 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

**Housing Authority of the Town of Erath's Capital Assets**

	<u>2006</u>	<u>2005</u>
Land	\$ 57,707	\$ 57,707
Buildings and improvements	4,497,963	3,535,241
Construction in progress	-	45,916
Furniture and equipment	<u>27,234</u>	<u>27,234</u>
Total	<u>\$ 4,582,904</u>	<u>\$ 3,666,098</u>

The Authority primarily acquires its assets with the proceeds from federal capital grants.

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development, in the form of operating subsidies and capital grants.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore tenant rental income,
- Inflationary pressure on utility rates, supplies and other costs.
- In September of 2005, Hurricane Rita damaged all of the rental units to the point where they became uninhabitable. The Authority received \$617,407 in insurance proceeds and recorded it as nonoperating miscellaneous revenue. It is estimated that the Authority will need to spend approximately \$1,500,000 to restore all rental units to a habitable condition. These funds should come from the insurance proceeds received and FEMA and HUD grants. It is expected that the Authority will not suffer a loss of equity.

**Housing Authority of the Town of Erath**  
**Erath, Louisiana**  
**Statement of Net Assets**  
**As of December 31, 2006**

**ASSETS****Current assets**

Cash and cash equivalents	\$ 124,453
Receivables:	
Tenant rents, net of allowance	2,800
Prepaid insurance	18,841
<b>Total current assets</b>	<u>146,094</u>

**Restricted assets**

Cash and cash equivalents	5,349
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**Noncurrent assets**

## Capital assets:

## Nondepreciable capital assets:

Land	<u>57,707</u>
Total nondepreciable capital assets	<u>57,707</u>

## Depreciable capital assets:

Buildings and improvements	4,497,963
Furniture and equipment	27,234
Less accumulated depreciation	<u>(2,776,628)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>1,748,569</u>

Total capital assets, net of accumulated depreciation	<u>1,806,276</u>
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<b>Total assets</b>	<u>1,957,719</u>
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continued

Exhibit A

Housing Authority of the Town of Erath  
 Erath, Louisiana  
 Statement of Net Assets  
 As of December 31, 2006

**LIABILITIES**

**Current Liabilities**

Accounts payable	30,758
Payable to other governments	4,352
Accrued wages payable	719
Accrued compensated absences	5,841
Deferred revenue	26

**Total current liabilities** 41,696

**Liabilities Payable from Restricted Assets**

Security deposit liability	5,349
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**Noncurrent liabilities**

Accrued compensated absences	3,629
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**Total noncurrent liabilities** 3,629

**Total liabilities** 50,674

**NET ASSETS**

Invested in capital assets, net of related debt	1,806,276
Restricted	-
Unrestricted	100,769

**Total net assets** \$ 1,907,045

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

**Housing Authority of the Town of Erath**  
Erath, Louisiana  
Statement of Revenues, Expenses, and Changes In Net Assets  
For Fiscal Year Ended December 31, 2006

<b>Operating Revenues</b>	
Public housing operating subsidy	127,288
Dwelling Rental	12,147
<b>Total operating revenues</b>	<u>139,435</u>
<b>Operating Expenses</b>	
General and administrative	172,873
Repairs and maintenance	5,775
Utilities	7,997
Depreciation and amortization	116,764
<b>Total operating expenses</b>	<u>303,409</u>
<b>Operating income (loss)</b>	(163,974)
<b>Nonoperating Revenues (Expenses):</b>	
Capital grants	79,254
Interest revenue	4,656
Other Government Grant - Hurricane	73,378
Miscellaneous revenues	727
<b>Total nonoperating revenues (expenses)</b>	<u>158,015</u>
<b>Change in net assets</b>	(5,958)
<b>Net assets, beginning of year</b>	<u>1,913,003</u>
<b>Net assets, end of year</b>	<u>\$ 1,907,045</u>

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

**Housing Authority of the Town of Erath  
Statement of Cash Flows  
For Fiscal Year Ended December 31, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from federal subsidies	\$ 187,501
Receipts from tenants	129,151
Payments to suppliers	(115,042)
Payments to employees	<u>(65,762)</u>
<b>Net cash provided by operating activities</b>	<u>135,848</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Miscellaneous revenues	<u>727</u>
<b>Net cash provided by noncapital financing activities</b>	<u>727</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from capital grants	79,254
Purchase and construction of capital assets	(916,805)
Other Government Grant - Hurricane	73,378
<b>Net cash (used in) capital and related financing activities</b>	<u>(764,173)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>4,656</u>
<b>Net cash provided by investing activities</b>	<u>4,656</u>
Net (decrease) in cash and cash equivalents	<u>(622,942)</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>747,395</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 124,453</u>

**Reconciliation of operating income (loss) to net cash provided by operating activities:**

Operating (loss)	\$ (163,974)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	116,764
Changes in assets and liabilities:	
HUD receivable	30,343
Intergovernmental receivable, net	29,870
Tenant rents, net of allowance	(1,456)
Miscellaneous receivables	118,460
Prepaid insurance	(1,187)
Restricted assets	222
Accounts payable	13,341
Accrued wages payable	117
Accrued compensated absences	(3,856)
PILOT Liability	(2,495)
Other liability	(79)
Security deposit liability	<u>(222)</u>
<b>Net cash provided by operating activities</b>	<u>\$ 135,848</u>

The accompanying notes are an integral part of the financial statements

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
Erath, Louisiana  
Notes to the Financial Statements  
For Fiscal Year Ended December 31, 2006

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(1) Reporting Entity

The Housing Authority of The Town of Erath (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the Town of Erath, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally of other state and local governments. As used in GASB 14, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The authority has no component units, defined by GASB 14 as other legally separate organizations for which the elected authority members are financially accountable.

## HOUSING AUTHORITY OF THE TOWN OF ERATH

Erath, Louisiana

Notes to the Financial Statements, 2006 – Continued

The authority is a related organization of the Town of Erath, Louisiana since the city appoints a voting majority of the authority's governing board. The city is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to, or impose financial burdens on, the city. Accordingly, the authority is not a component unit of the financial reporting entity of the city.

### (2) Funds

The accounts of the authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD operating grants and subsidies and tenant dwelling rents. Operating expenses include General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments, which was unanimously approved in June 1999 by the GASB.

## **HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Notes to the Financial Statements, 2006 – Continued

### **(3) Measurement focus and basis of accounting**

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this management focus all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

### **(4) Assets, liabilities, and net assets**

#### **(a) Deposits and Investments**

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

#### **(b) Inventory and prepaid items**

All inventories are valued on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### **(c) Restricted Assets**

Cash equal to the amount of tenant security deposits is reflected as restricted.

#### **(d) Capital assets**

Capital assets of the authority are included in the statement of net assets and are recorded at actual cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations.



**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Notes to the Financial Statements, 2006 – Continued

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

Buildings	20 years
Modernization and improvements	20 years
Furniture and equipment	5 years

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for HUD grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At December 31, 2006, the management of the authority did not establish an allowance for doubtful accounts

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and sick pay is accrued when incurred and reported as a liability. Depending on their length of service, employees earn between 44 to 88 hours of annual leave and sick leave. Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned

(h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the government-wide financial statements and reported amounts of revenues

**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Notes to the Financial Statements, 2006 – Continued

and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B – DEPOSITS**

Deposits are stated at cost, which approximates fair value. Under state law and/or federal regulation, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of federal securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of December 31, 2006, the authority's carrying amount of deposits was \$129,802, which includes the following:

Cash and cash equivalents-unrestricted	\$124,453
Cash and cash equivalents- restricted	5,349
Total	\$129,802

**Interest Rate Risk**—The authority's policy does not address interest rate risk.

**Credit Rate Risk**—Since all of the authority's deposits are federally insured and/or backed by federal securities, the authority does not have credit rate risk.

**Custodial Credit Risk**—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$100,000 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$41,341 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances total \$141,341.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**  
 Erath, Louisiana  
 Notes to the Financial Statements, 2006 – Continued

**NOTE C - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>Ending Balance</u>
<b>Nondepreciable Assets:</b>					
Land	\$57,707	\$	\$	\$	\$57,707
Construction in Progress	45,916			(45,916)	
<b>Depreciable Assets:</b>					
Building and improvements	3,535,240	916,805		45,916	4,497,961
Furniture and equipment	<u>27,233</u>				<u>27,233</u>
Total	<u>3,666,096</u>	<u>916,805</u>			<u>4,582,901</u>
Less accumulated depreciation					
Building and improvements	2,632,630	116,764			2,749,393
Furniture and equipment	<u>27,233</u>				<u>27,233</u>
Total accumulated depreciation	<u>2,659,864</u>				<u>2,776,626</u>
Net Capital Assets	<u>\$1,006,234</u>	<u>\$80,0041</u>	<u>\$</u>	<u>\$</u>	<u>\$1,806,275</u>

**NOTE D – CONSTRUCTION COMMITMENTS**

The authority has active construction projects as of December 31, 2006. At year end, the commitments with contractors are as follows:

<u>Projects</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
CFP 2006	<u>\$0</u>	<u>\$74,876</u>
Total	<u>\$0</u>	<u>\$74,876</u>

**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Notes to the Financial Statements, 2006 – Continued

**NOTE E – COMPENSATED ABSENCES**

At December 31, 2006, employees of the authority have accumulated and vested \$9,470 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$3,629 is reported in long-term debt.

**NOTE F - RETIREMENT PLAN**

The authority provides a Simplified Employee Pension whereby the employer agrees to provide discretionary contributions to the individual retirement accounts (IRAs) of its eligible employees. During the year the authority contributed \$1,858 to employee IRAs.

**NOTE G – RISK MANAGEMENT**

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years. Please see note H.

**NOTE H – HURRICANE RITA AND RESULTING FLOOD FINANCIAL STATEMENT DISCLOSURES**

Hurricane Rita flooded all of the rental units owned by the PHA as well as the central office buildings. The central office buildings have been restored to suitable usage conditions. The PHA is working with HUD, FEMA, and the insurance company to ensure that the rental units are restored to USPC standards.

The financial statements are issued with the understanding that, regardless of the outcome of the FEMA and insurance recoveries, HUD will not allow the PHA to become insolvent due to the flood issues.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Notes to the Financial Statements, 2006 – Continued

Therefore, the financials are not modified due to Going Concern issues and there is no transactional entry for possible funding shortfalls resulting in the eventual recoveries not being sufficient to restore the properties to 100% useful condition.

***NOTE I – FEDERAL COMPLIANCE CONTINGENCIES***

The authority 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 J – SUBSEQUENT EVENTS***

See ML comment

***NOTE K – ECONOMIC DEPENDANCE***

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$206,542 to the authority, which represents approximately 69% of the authority's total revenue for the year.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
**Housing Authority of the Town of Erath**  
Erath, Louisiana

I have audited the financial statements of the Housing Authority of the Town of Erath (the authority), as of and for the year ended December 31, 2006, and have issued my report thereon dated June 15, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

## **HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Report on Internal Control...*Government*

*Auditing Standards, 2006*

Page Two

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. Findings 2006-1, 2006-2, 2006-3, and 2006-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the authority's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider items Findings 2006-1, 2006-2, 2006-3, & 2006-4 to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Finding 2006-1 and Finding 2006-3.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana  
Report on Internal Control...*Government*  
*Auditing Standards*, 2006  
Page Three

The authority's responses to the findings identified in our audit are described in the accompanying schedule of findings. I did not audit the authority's response and, accordingly, I express no opinion on it.

I noted a certain matter that I reported to management of the authority in a separate letter dated June 15, 2007.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

June 15, 2007



**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Schedule of Current Audit Findings  
Fiscal Year Ended December 31, 2006

**Summary Schedule of Auditor's Results:**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the authority.
2. There were four significant deficiencies required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.
3. There were two instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Schedule of Current Audit Findings (continued)

Fiscal Year Ended December 31, 2006

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

**FINDING 2006-1 Lack of Control of Transcribing Board Minutes**

**Program: Entity Wide**

**Condition:** The PHA did not transcribe any Board minutes during the fiscal year, they did transcribe Resolutions adopted.

**Criteria:** Louisiana RS 42 7.1 requires that written minutes shall be available within a reasonable time after the meeting.

**Effect:** The Board of Commissioners cannot document decisions made and ratified during the year. The auditor cannot follow routine procedures to document that the financial statements are fairly presented. The auditor had to perform additional procedures to ensure that the financial statements are materially correct. Additional procedures included securing from the Board of Commissioners and Management written representations that summarize the results of and effects of Board of Commissioners meetings and decisions.

The potential for material misstatement or omission is not minimized to the degree that generally accepted auditing standards now require. This is considered a material weakness.

**Cause:** The PHA simply did not transcribe the minutes.

**Recommendation:** I have discussed this with management. I am aware of their response. I note that a similar comment and response has been included in prior year Management Letter communications included in the audit reports but that management has not, in the past, made the necessary corrections.

**Management's Response**

**Action Planned:** We will transcribe in a timely manner and electronically store the board meeting minutes.

**Person Responsible:** Mr. Calvin Vice, Board Chairman

**Anticipated Completion Date:** June 30, 2007

## HOUSING AUTHORITY OF THE TOWN OF ERATH

Erath, Louisiana

Schedule of Current Audit Findings (continued)

Fiscal Year Ended December 31, 2006

### FINDING 2006-2

#### **Program: Entity Wide Lack of Control over Fixed Assets (FA) additions**

**Condition:** All FA remodeling expenses are recorded in 1 account which does not allow for the necessary comparison of revenue source versus expenditure of the related remodeling expense.

**Criteria:** The PHA does not have subsidiary ledgers for the Public Housing Program, the Capital Fund Program, and Fixed Asset additions funding by FEMA, the property insurance company and/or HUD through the CDBG program administered by the State for Hurricane victims. The CFP program and Hurricane remodeling expenditures must have subsidiary ledgers kept by grant year and/or funding source (FEMA, HUD, or Insurance recoveries) in order to comply with HUD regulations and to provide adequate controls over the revenues and expenditures of hurricane recovery.

**Effect:** The PHA is not able to document the control of revenues and expenditures by source of funds related to the revenue source in order to comply with regulations associated with each revenue source.

The potential for material misstatement or omission is not minimized to the degree that generally accepted auditing standards now require. This is considered a material weakness.

**Cause:** unknown

**Recommendation:** I recommend that the PHA require the fee accountant to maintain subsidiary ledgers for FA additions and revenues used for FA additions in order to better control the revenues and expenditures related to FA additions. I note that prior audits have included Management Letter comments and similar responses from management but that, in the past, management has not implemented the Corrective Action Plan as described.

## HOUSING AUTHORITY OF THE TOWN OF ERATH

Erath, Louisiana

Schedule of Current Audit Findings (continued)

Fiscal Year Ended December 31, 2006

### Management's Response

**Action Planned:** We will address these issues with the fee accountant and have them resolved to the satisfaction of HUD and accounting standards.

**Person Responsible:** Melissa Landry

**Anticipated Completion Date:** August 30, 2007

### Finding 2006-3

#### Lack of Authority Control of Procurement and Cash Disbursements

**Condition**—The PHA disbursed funds without adequate documentation and/or procurement. Of the 40 transactions tested, we found 6 transactions totaling \$25,707 of expenditures that we were not provided adequate documentation. Inadequate documentation/procurement included:

- A) 3 payments to individuals/corporations where there was no written contract in file.
- B) 2 payments to contractors in which the PHA did not advertise for bids, which violated PHA procurement policy.
- C) 2 payments where the documentation was a vendor statement rather than vendor invoices. No one from the PHA approved the statements that were attached to these checks.
- D) One payment to a vendor for materials ordered by a contractor. No evidence was provided to insure that the materials ordered were delivered to the PHA. The PHA did not approve the attached invoice and there was no receiving report.
- E) One payment to a credit card company with no support for the charges. This payment also included \$39 for late charges.
- F) One payment to a vendor included \$14.44 in sales tax.

## HOUSING AUTHORITY OF THE TOWN OF ERATH

Erath, Louisiana

Schedule of Current Audit Findings (continued)

Fiscal Year Ended December 31, 2006

**Criteria**—The PHA should only expend monies when adequate documentation is provided. Louisiana State law requires a written contract for public works contracts over \$5,000. The PHA should adhere to its procurement policy, State law, and Federal Regulations.

**Effect**— The PHA violated state law and its procurement policy. The potential for material misstatement or omission is not minimized to the degree that generally accepted auditing standards now require. This is considered a material weakness.

**Recommendation**—I recommend the authority strictly adhere to it's Procurement Policy, State law, and Federal Regulations, all as applicable. I recommend the Board of Commissioners review all procurement files above a reasonable threshold. I recommend that no authorized check signers sign any check unless all of the supporting documentation is attached to the authority copy of the check to include the purchase order, delivery ticket signed by an authorized PHA employee, and a vendor invoice.

### Management's Response

**Action Planned:** We will take measures to insure that proper documentation is provided before disbursing funds. We will follow our *procurement policy and state law relating to procurement.*

**Person Responsible:** Melissa Landry

**Anticipated Completion Date:** June 30, 2007

## HOUSING AUTHORITY OF THE TOWN OF ERATH

Erath, Louisiana

Schedule of Current Audit Findings (continued)

Fiscal Year Ended December 31, 2006

### Finding 2006-4

#### Lack of Authority Control Over Items Purchased from One Vendor

##### Condition—

In September 2005 each apartment unit as well as the central office flooded as a result of Hurricane Rita. During the 2006 fiscal year the authority employed numerous contractors as well as force labor in order to restore the units to UPCS condition. The authority opened a credit card account with Home Depot. There were 3 authority staff members authorized to purchase goods using the credit card. Each of the 3 staff members had a credit card with their name as an authorized purchaser. All 3 credit cards were kept in a lock box in the authority central office.

At some point it appears that a Home Depot salesperson started calling on the authority by going directly to the construction site, taking orders from unauthorized people, and entering any one of the three authorized staff members names as authorizing orders. Many of the deliveries were made after hours with no one signing the delivery ticket on behalf of the authority.

In June 2006 one of the three authorized staff members noted that her name had been entered on an order. Knowing she had not placed the order she questioned Home Depot and demanded that her name be removed from the order.

Further analysis by authority staff resulted in the authority disputing \$47,765.19 of charges on the Home Depot account. The authority takes the position that, until Home Depot proves the goods were duly ordered and received by authorized authority personnel, the authority will not pay the disputed amount.

Inquiry by authority staff during the 2<sup>nd</sup> half of 2006, as well as inquiry by me during my audit did not result in Home Depot providing adequate copies of orders and/or signed delivery tickets in order to clear the matter.

In January 2007 Home Depot wrote off and closed the account.

## HOUSING AUTHORITY OF THE TOWN OF ERATH

Erath, Louisiana

Schedule of Current Audit Findings (continued)

Fiscal Year Ended December 31, 2006

In June 2007 the authority, in writing, referred the matter to the District Attorney's Office.

The authority has not recorded an account payable for the disputed amount.

**Criteria**—The authority should have in place adequate controls over the ordering process, receiving process, and payment process in order to preclude what occurred.

**Effect**—The potential for material misstatement or omission is not minimized to a degree that generally accepted auditing standards now require. This is considered a material weakness.

### Management's Response

**Action Planned:** We now use purchase orders when ordering materials. We require all checks presented to authorized check signers to have attached the paperwork necessary to properly document the ordering and receipt of the goods.

**Person Responsible:** Melissa Landry

**Anticipated Completion Date:** January 31, 2007

**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

*Schedule of Prior Year Audit Findings*  
Fiscal Year Ended December 31, 2006

**Finding 2005-1 Unsecured Bank Deposits**

This finding is not repeated.



# **HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Status of Prior Year Management Letter Items

For Fiscal Year Ended December 30, 2006

**05-M1 – Board Minutes**

**Comment –** Board minutes not safeguarded

**Corrective Action Taken –** See finding 2006-1

**05-M2 – Capital Fund**

**Comment –** The PHA is not maintaining subsidiary ledgers for the CFP program.

**Corrective Action Taken –** See finding 2006-2

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**Management Letter**

**Board of Commissioners  
Erath Housing Authority  
Erath, Louisiana**

In planning and performing my audit of the financial statements of the Housing Authority of the Town of Erath for the year ended December 31, 2006, I considered the Authority's internal control to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

However, during my audit, I noted certain matters involving internal control that is presented for your consideration. This letter does not affect my report dated June 15, 2007, on the financial statements of the authority. Management's response has also been included.

**06-M1 BANK LOAN**

Comment—In January 2007 the PHA executed a \$60,000 loan with a bank and used a PHA-owned \$62,595 certificate of deposit as collateral. Technically, this violated the ACC which prohibits the PHA from putting PHA assets at risk without the prior approval of HUD.

Corrective Action Plan:

Anticipated Completion Date—August 1, 2007

Person Responsible for the Corrective Action—Chairperson of the Board of Commissioners

Action Planned— We borrowed against the CD instead of cashing it out in an effort to save early withdrawal penalties. When the CD matures, if the loan is not already paid off, we will cash out the CD and pay off the loan.

Auditors Comment—This PHA is taking every action to remodel all of the rental units, which represents 100% of the rental units, while at the same time balancing the need to preserve a necessary cash balance as well as filing all paperwork necessary to recover monies from FEMA, the insurance company, and HUD.

We write this management letter comment only in order to comply with auditing standards and commend the PHA for the manner it is operating in this regard.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the authority, as of and for the year ending December 31, 2006, which collectively comprise the authority's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and user of the Board, management, federal awarding agencies, and pass-thru entities and is not intended to be and should not be used by anyone other than these specified users. Although the intended use of these reports may be limited, under LRS 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*William Daniel McCaskill*

William Daniel McCaskill, CPA, APAC

**Schedule 3**

**HOUSING AUTHORITY OF THE TOWN OF ERATH**

Erath, Louisiana

Compensation Paid Board Members

For Fiscal Year Ended December 31, 2006

Board members serve without compensation

Housing Authority of the Town of Erath  
Schedule 4 - Financial Data Schedule

PHA: LA047 FYED: 12/31/2006

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Other Federal Program 1	Total
111	Cash - Unrestricted	\$124,453	\$0	\$0	\$124,453
114	Cash - Tenant Security Deposits	\$5,349	\$0	\$0	\$5,349
100	<b>Total Cash</b>	<b>\$129,802</b>	<b>\$0</b>	<b>\$0</b>	<b>\$129,802</b>
126	Accounts Receivable - Tenants - Dwelling Rents	\$2,800	\$0	\$0	\$2,800
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0
120	<b>Total Receivables, net of allowances for doubtful accounts</b>	<b>\$2,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,800</b>
142	Prepaid Expenses and Other Assets	\$18,841	\$0	\$0	\$18,841
150	<b>Total Current Assets</b>	<b>\$151,443</b>	<b>\$0</b>	<b>\$0</b>	<b>\$151,443</b>
161	Land	\$57,707	\$0	\$0	\$57,707
162	Buildings	\$4,071,603	\$79,254	\$73,378	\$4,224,235
164	Furniture, Equipment & Machinery - Administration	\$27,234	\$0	\$0	\$27,234
165	Leasehold Improvements	\$273,728	\$0	\$0	\$273,728
166	Accumulated Depreciation	\$-2,768,996	\$-3,963	\$-3,669	\$-2,776,628
160	<b>Total Fixed Assets, Net of Accumulated Depreciation</b>	<b>\$1,661,276</b>	<b>\$75,291</b>	<b>\$69,709</b>	<b>\$1,806,276</b>
180	<b>Total Non-Current Assets</b>	<b>\$1,661,276</b>	<b>\$75,291</b>	<b>\$69,709</b>	<b>\$1,806,276</b>
190	<b>Total Assets</b>	<b>\$1,812,719</b>	<b>\$75,291</b>	<b>\$69,709</b>	<b>\$1,957,719</b>

PHA: LA047 FYED: 12/31/2006

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Other Federal Program 1	Total
312	Accounts Payable <= 90 Days	\$30,758	\$0	\$0	\$30,758
321	Accrued Wage/Payroll Taxes Payable	\$719	\$0	\$0	\$719
322	Accrued Compensated Absences - Current Portion	\$5,841	\$0	\$0	\$5,841
333	Accounts Payable - Other Government	\$4,352	\$0	\$0	\$4,352
341	Tenant Security Deposits	\$5,349	\$0	\$0	\$5,349
345	Other Current Liabilities	\$26	\$0	\$0	\$26
310	<b>Total Current Liabilities</b>	<b>\$47,045</b>	<b>\$0</b>	<b>\$0</b>	<b>\$47,045</b>
354	Accrued Compensated Absences - Non Current	\$3,629	\$0	\$0	\$3,629
350	<b>Total Noncurrent Liabilities</b>	<b>\$3,629</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,629</b>
300	<b>Total Liabilities</b>	<b>\$50,674</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,674</b>
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,661,276	\$75,291	\$69,709	\$1,806,276
511	<b>Total Reserved Fund Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$100,769	\$0	\$0	\$100,769
513	<b>Total Equity/Net Assets</b>	<b>\$1,762,045</b>	<b>\$75,291</b>	<b>\$69,709</b>	<b>\$1,907,045</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>\$1,812,719</b>	<b>\$75,291</b>	<b>\$69,709</b>	<b>\$1,957,719</b>

**Housing Authority of the Town of Erath  
Schedule 4 - Financial Data Schedule**

**PHA: LA047 FYED: 12/31/2006**

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Other Federal Program 1	Total
703	Net Tenant Rental Revenue	\$12,147	\$0	\$0	\$12,147
705	Total Tenant Revenue	\$12,147	\$0	\$0	\$12,147
706	HUD PHA Operating Grants	\$127,288	\$0	\$0	\$127,288
706.1	Capital Grants	\$0	\$79,254	\$0	\$79,254
708	Other Government Grants	\$0	\$0	\$73,378	\$73,378
711	Investment Income - Unrestricted	\$4,656	\$0	\$0	\$4,656
715	Other Revenue	\$730	\$0	\$0	\$730
700	Total Revenue	\$144,821	\$79,254	\$73,378	\$297,453

**PHA: LA047 FYED: 12/31/2006**

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Other Federal Program 1	Total
911	Administrative Salaries	\$62,721	\$0	\$0	\$62,721
912	Auditing Fees	\$13,505	\$0	\$0	\$13,505
914	Compensated Absences	\$1,530	\$0	\$0	\$1,530
915	Employee Benefit Contributions - Administrative	\$24,962	\$0	\$0	\$24,962
916	Other Operating - Administrative	\$24,226	\$0	\$0	\$24,226
931	Water	\$660	\$0	\$0	\$660
932	Electricity	\$6,351	\$0	\$0	\$6,351
933	Gas	\$873	\$0	\$0	\$873
938	Other Utilities Expense	\$114	\$0	\$0	\$114
941	Ordinary Maintenance and Operations - Labor	\$3,041	\$0	\$0	\$3,041
943	Ordinary Maintenance and Operations - Contract Costs	\$2,734	\$0	\$0	\$2,734
961	Insurance Premiums	\$45,515	\$0	\$0	\$45,515
963	Payments in Lieu of Taxes	\$415	\$0	\$0	\$415
969	Total Operating Expenses	\$186,847	\$0	\$0	\$186,847
970	Excess Operating Revenue over Operating Expenses	\$-41,826	\$79,254	\$73,378	\$110,806
974	Depreciation Expense	\$109,132	\$3,963	\$3,669	\$116,764
900	Total Expenses	\$295,779	\$3,963	\$3,669	\$303,411
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-150,958	\$75,291	\$69,709	\$-5,958

**PHA: LA047 FYED: 12/31/2006**

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Other Federal Program 1	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,862,287	\$20,846	\$29,870	\$1,913,003
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$50,716	\$-20,846	\$-29,870	\$0
1120	Unit Months Available	87	0	0	87
1121	Number of Unit Months Leased	87	0	0	87