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HOUSING AUTHORITY OF THE CITY OF FARMERVILLE

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Release Date APR 26 2000

FARMERVILLE, LOUISIANA
SEPTEMBER 30, 1999

Jean Sickels

Certified Public Accountant

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HOUSING AUTHORITY
OF THE CITY OF FARMERVILLE

Farmerville, Louisiana
September 30, 1999

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Jean Sickels

Certified Public Accountant

**870 Cinderella Court
Decatur, GA 30033-5812**

INDEPENDENT AUDITOR'S OPINION ON FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Commissioners
Housing Authority of the
City of Farmerville
P.O. Box 446
Farmerville, Louisiana 71241

HUD - New Orleans Office
Public Housing Division
Hale Boggs Federal Building
501 Magazine Street
New Orleans, Louisiana 70130-3099

I have audited the accompanying financial statements of the Housing Authority of the City of Farmerville, as of and for the year ended September 30, 1999 as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Farmerville as of September 30, 1999 and the results of its revenues, expenditures and changes in net assets for the year then ended in conformity with generally accepted accounting principles.

Prior to this year, the Housing Authority's policy was to prepare certain portions of its financial statements on the basis of accounting practices prescribed or permitted by the various governing bodies. These practices differ in some respects from generally accepted accounting principles. During this year, the Housing Authority began reporting tenants accounts receivable net of an allowance for doubtful accounts. The Housing Authority also computed the vacation and sick pay accrual. Additionally, the Housing Authority wrote off its long term debt that is guaranteed by the Department of Housing and Urban Development. Finally, the Housing Authority is now computing depreciation on an annual basis and has recorded the effects of accumulated depreciation. Therefore, the beginning surplus balances do not reflect financial position and results of operations in conformity with generally accepted accounting principles. During the year the Housing Authority converted to generally accepted accounting principles. The Housing Authority made prior period adjustments and adjustments through this year's income statement in order to record the cumulative effect of converting to generally accepted accounting principles. The ending surplus balances reflect generally accepted accounting principles.

In accordance with **Government Auditing Standards**, I have also issued my report dated February 28, 2000 on my consideration of the Housing Authority of the City of Farmerville's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the financial statements of the Housing Authority of the City of Farmerville, 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. The accompanying supplemental information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements, and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Certified Public Accountant

Decatur, Georgia
February 28, 2000

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

BALANCE SHEET
September 30, 1999

		Annual Contributions Contract FW-1218 Low-Income Public Housing
<u>ASSETS</u>		
Current Assets		
Cash	\$	19,553.47
Accounts receivable		13,205.90
Accrued interest receivable		62.51
Investments		29,998.07
Deferred charges		5,833.41
Current Assets		68,653.36
Property and Equipment		
Land, structure and equipment		106,793.23
Property and Equipment		106,793.23
TOTAL ASSETS	\$	175,446.59
<u>LIABILITIES AND SURPLUS</u>		
Liabilities		
Accounts payable	\$	4,112.56
Accrued liabilities		8,727.09
Liabilities		12,839.65
Net Assets		
Operating		55,813.71
Net Investment in Property and Equipment		106,793.23
Total Net Assets		162,606.94
TOTAL LIABILITIES AND NET ASSETS	\$	175,446.59

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 1999

		Annual Contributions Contract FW-1218 Low-Income Public Housing
REVENUES		
Total rental income	\$	57,395.00
Interest on General Fund investments		7,204.33
Intergovernmental		23,297.00
Other income		3,742.10
TOTAL REVENUES		91,638.43
EXPENDITURES		
Administrative		23,678.22
Utilities		1,749.69
Ordinary maintenance and operation		33,920.98
Protective services		432.00
General expense		34,415.74
Prior period adjustments		(6,509.05)
Gain / Loss from disposition of real property		63,248.98
TOTAL EXPENDITURES		150,936.56
Excess / (Deficiency) of Revenues Available Over Expenditures		(59,298.13)
Cumulative effect of accounting change Depreciation		(572,759.26) (18,090.62)
Change in net assets		(650,148.01)
Net Assets - October 1, 1998		812,754.95
Net Assets - September 30, 1999	\$	162,606.94

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

Statements of Cash Flows
September 30, 1999

	Annual Contributions Contract FW-1218 Low-Income Public Housing
Cash Flows from Operating Activities	
Net change in assets	\$ (650,148.01)
Cummulative effect of change in accounting	572,759.26
Prior period adjustment	(6,509.05)
Write off of fixed assets	63,248.98
Depreciation	18,090.62
(Increase) Decrease in:	
Accounts receivable	8,989.10
Accrued interest receivable	(62.51)
Prepaid expenses	(2,838.91)
Increase (Decrease) in:	
Accounts payable	(3,282.84)
Accrued liabilities	1,622.30
Deferred credits	0.00
 Net Cash Flows Provided (Used) by Operating Activities	 1,868.94
 Cash Flows from Investing Activities	
Purchase of fixed assets	(5,005.75)
(Increase) Decrease in:	
Investments	(1,167.35)
 Net Cash Flows Provided (Used) by Investing Activities	 (6,173.10)
 Net Increase (Decrease) in Cash	 (4,304.16)
 Beginning Cash and Cash Equivalents	 23,857.63
 Ending Cash and Cash Equivalents	 \$ 19,553.47

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

NOTE A - Summary of Significant Accounting Policies:

The HOUSING AUTHORITY OF THE CITY OF FARMERVILLE ("The Authority") was established under the provision of Louisiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contract with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a public housing program (Contract No. FW-1218).

Reporting Entity

Management of the Housing Authority of the City of Farmerville has reviewed all potential component units to determine if any should be included in these financial statements. Management has concluded that there are no component units that should be included in these financial statements.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE

The financial statements of the HOUSING AUTHORITY OF THE CITY OF FARMERVILLE include the following:

Management:

Low-Income Public Housing

Units
40

Basis of Presentation

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Accounting Policies - The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Fund accounting - The financial activities of the Authority are recorded in separate funds, 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, net assets, revenues and expenditures.

Governmental funds:

Proprietary funds are used to account for the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund type:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred, and / or net income is necessary for management accountability.

Basis of accounting - Basis of accounting refers to when revenues and expenditures 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.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

The accompanying financial statements have been prepared using the accrual basis of accounting for all Governmental Funds. Accordingly, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets - Budgets are adopted on the basis of accounting consistent with the basis of accounting for the fund to which it applies. The Authority prepares annual operating budgets for the Low Income Public Housing program. The budgets are formally adopted by its governing Board and are approved by the funding agency. The budgets for the programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

The Combined Statement of Revenues, Expenditures and Changes in Net Assets - Budget to Actual has not been presented in this report. This presentation has been omitted because the authority does not annually adopt a legally authorized budget. The authority's budget is adopted by the authority's board and approved by HUD. This budget does not represent an appropriated budget that has been signed into law or a nonappropriated budget authorized by constitution. The authority's budget represents budgetary execution and management by it's board and HUD, therefore, budgetary data and presentation is not required.

Cash Deposits and Investments - Cash Deposits and Investments consist of Certificates of Deposit and Discount Notes issued by agencies of the United States Government and are stated at cost. Cash deposits and investments are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. All cash deposits and investments are classified as category 1 investments. Category 1 investments are insured or registered or are securities that are held by the government or it's agent in the government name.

Tenant Receivables - Receivables for rentals and service charges are reported in the General Fund at net of an allowance for doubtful accounts. The Housing Authority Board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Due From and Due To Other Funds - During the course of it's operations, the authority has inter-fund transactions to finance operations and provide services. Inter-fund accounts receivable and payable have been recorded to recognize transactions between funds for which the applicable cash transfer had not been made as of the balance sheet date.

Fixed assets - Fixed assets purchased are recorded as expenditures (capital outlay) at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Building	40 years
Leasehold improvements	15 years
Furniture & Fixtures	7 years
Maintenance equipment	5 years

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Compensated Absences - Employees earn annual leave and sick leave. At termination, employees are paid for any accumulated annual leave. The liability for accumulated annual leave at the balance sheet date is reported in the Enterprise fund.

Supplemental Information - The financial statements in the supplemental information section are prepared on the basis of accounting prescribed or permitted by the U.S. Department of Housing and Urban Development, which is another comprehensive basis of accounting, since the majority of its assets are aided by these programs. Under this basis of accounting, the housing operations are not considered to be self-sustaining activities.

The reports in this section have been tested as a part of the auditing procedures followed in the examination of the basic financial statements under generally accepted auditing standards and generally accepted government auditing standards.

NOTE B - Accounts Receivable:

Accounts receivable at September 30, 1999 consist of the following:

Tenants accounts receivable - net	<u>\$ 13,205.90</u>
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NOTE C - Investments:

Investments at September 30, 1999 consist of the following:

Certificates of deposit and Money Market accounts	<u>\$29,998.07</u>
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All investments are classified as category 1 investments which is defined as investments that are insured or collateralized with securities held by the entity or by its agent in the entity's name.

NOTE D - Prepaid Expenses:

Prepaid expenses at September 30, 1999 consist of the following:

Prepaid insurance	\$ 3,983.41
Other deferred charges	<u>1,850.00</u>
	<u>\$ 5,833.41</u>

Materials inventories are recorded at cost. The FIFO inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 1999
(Continued)

NOTE E - Fixed Assets:

A summary of changes in fixed assets is as follows:

	Balance September <u>30, 1998</u>	<u>Additions</u>	<u>Retirements</u>	Balance September <u>30, 1999</u>
Land, Buildings and Improvements	\$ 1,094,030.55	\$ 5,005.75	\$(992,243.07)	\$ 106,793.23
Modernization Grant Costs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 1,094,030.55</u>	<u>\$ 5,005.75</u>	<u>\$(992,243.07)</u>	<u>\$ 106,793.23</u>

Major construction renovation through the Modernization Grant Program costs of \$79,691 are yet to be expended under the current programs. HUD has approved funding for the above amount.

NOTE F - Accounts payable:

Accounts payable at September 30, 1999, consist of the following:

Vendors and contractors	\$ 2,830.56
Security deposits	<u>1,282.00</u>
	<u>\$ 4,112.56</u>

NOTE G - Accrued liabilities:

Accrued liabilities at September 30, 1999, consist of the following:

Payments in lieu of taxes	<u>\$ 8,727.09</u>
---------------------------	--------------------

NOTE H - Annual Contributions by Federal Agencies:

Annual Contributions Contract FW-1218- Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget under the Annual Contributions Contract. Operating subsidy contributions for the Low-Income Public Housing Program were as follows:

For the year ended September 30, 1999	<u>\$ 23,297.00</u>
---------------------------------------	---------------------

NOTE I - HUD Guaranteed Debt:

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes - FFB. These bonds and notes are payable to HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority and accordingly have not been reported in the accompanying financial statements.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 1999
(Continued)

NOTE J - Contingencies:

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examinations for the year ended September 30, 1999. Areas of noncompliance, if any, as a result of examinations would be included as a part of the "Findings and Questioned Costs" section of this report.

NOTE K - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management.

NOTE L - Compliance Supplement:

This Audit was conducted in accordance with the Public and Indian Housing Authority Compliance Supplement (PIH Notice 96-32) dated May 29, 1996 and updated through PIH Notice 97-31. There are no findings or reportable conditions pertaining to the Compliance Supplement except as may be noted in the "Findings and Questioned Costs" section of this report.

NOTE M - Schedule of Expenditures of Federal Awards:

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting as described in Note A.

Major Programs

Programs are labeled as either a type "A" program or a type "B" program as required by OMB Circular A-133. Type "A" programs are programs that have expenditures in excess of 300,000. Type "B" programs have expenditures of less than 300,000.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF ANALYSIS OF SURPLUS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	Annual Contributions Contract FW-1218 Low-Income Public Housing
UNRESERVED SURPLUS:	
Balance at September 30, 1998	\$ (1,243,536.35)
Adjustment to prior period balance	(934,286.37)
Adjusted balance at September 30, 1998	(2,177,822.72)
Net loss for the year ended: September 30, 1999	(82,595.13)
Provision for operating reserve for the year ended: September 30, 1999	7,563.95
BALANCE AT SEPTEMBER 30, 1999	(2,252,853.90)
RESERVED SURPLUS - OPERATING RESERVE:	
Balance at September 30, 1998	56,868.61
Provision for operating reserve for the year ended: September 30, 1999	(7,563.95)
BALANCE AT SEPTEMBER 30, 1999	49,304.66
CUMULATIVE CONTRIBUTIONS:	
Balance at September 30, 1998	1,999,422.69
Debt service writeoff	343,436.49
Operating subsidy for the year ended: September 30, 1999	23,297.00
BALANCE AT SEPTEMBER 30, 1999	2,366,156.18
TOTAL SURPLUS AT SEPTEMBER 30, 1999	\$ 162,606.94

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS -
FOR THE YEAR ENDED SEPTEMBER 30, 1999

		Annual Contributions Contract FW-1218 Low-Income Public Housing
COMPUTATION OF RESIDUAL RECEIPTS:		
Net operating loss	\$	(25,855.20)
Capital expenditures		(5,005.75)
Prior year adjustments affecting residual receipts		6,509.05
Operating subsidy		23,297.00
Provision for operating reserve		7,563.95
RESIDUAL RECEIPTS - PER AUDIT		6,509.05
Effect of audit adjustments on residual receipts		(6,509.05)
RESIDUAL RECEIPTS - PER PHA	\$	0.00
 COMPUTATION OF ACCRUING ANNUAL CONTRIBUTIONS:		
Fixed annual contributions	\$	0.00
Adjustments per Part II of ACC		0.00
ACCRUING ANNUAL CONTRIBUTIONS	\$	0.00

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

ANALYSIS OF LAND, STRUCTURES, AND EQUIPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 1999

		Annual Contributions Contract FW-1218 Low-Income Public Housing
Land, Structures and equipment balance at September 30, 1999	\$	106,793.23
Land, Structures and equipment balance at September 30, 1998		1,094,030.55
Difference		(987,237.32)
Less:		
Additions to:		
Modernization additions		0.00
Replacement of nonexpendable equipment (account 7520)		(5,005.75)
Betterments and additions (account 7540)		0.00
		(5,005.75)
Add:		
Receipts from equipment not replaced (account 7530)		0.00
Prior period adjustment- accumulated depreciation, soft costs		928,994.09
Gain or loss from disposition of nonexpendable equipment (account 6120)		63,248.98
		992,243.07
Net Difference	\$	0.00

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

ANALYSIS OF GENERAL FUNDS AVAILABLE FOR
REDUCTION OF ANNUAL CONTRIBUTIONS
AUDITED BALANCES AT SEPTEMBER 30, 1999

	Annual Contributions Contract FW-1218 Low-Income Public Housing
CASH AND OTHER ASSETS:	
Cash	\$ 19,553.47
Accounts receivable	13,205.90
Accrued interest	62.51
Investments	29,998.07
Deferred charges	5,833.41
Total	\$ 68,653.36
LIABILITIES, RESERVES AND AMOUNTS AVAILABLE FOR CONTRIBUTION REDUCTION:	
Accounts payable	\$ 4,112.56
Accrued liabilities	8,727.09
Operating reserve	49,304.66
Prior year adjustments affecting residual receipts	6,509.05
Total	\$ 68,653.36

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

1. An unqualified opinion was issued on the financial statements.
2. No reportable conditions on internal control or compliance were noted.
3. The audit did not disclose noncompliance that is material to the financial statements.
4. There were no questioned costs.
5. An unqualified opinion was issued on compliance over major programs.
6. The threshold for type A programs is \$300,000.
7. The audited entity did not qualify as low risk.
8. Major programs are identified on the Schedule of Expenditures of Federal Awards and include the following:

14.850 Low Income Public Housing

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended September 30, 1998 contained the following audit findings. Their current condition is as follows:

95-1 FINANCIAL REPORTS SUBMITTED LATE.

CONDITION: During the two years ended September 30, 1995, the Authority submitted several required reports late. The late reports include the financial statements to HUD, the PHMAP form due to HUD and the payroll tax returns. In 1998, the Authority continued to file HUD reports late. See the current payroll finding for the condition of payroll tax returns.

CFDA NUMBER: 14.850

CURRENT CONDITION: All reports tested were submitted in a timely manner. The Authority has procedures in place to make sure that reports are filed in a timely manner.

THIS FINDING IS CLEARED.

95-2 TENANT FILES MISSING DOCUMENTATION.

CONDITION: The audit sample of low income tenant files revealed that several required pieces of documentation were missing. The following documents were missing: current inspections, the HUD form 9886 and lead base paint forms. The 1998 audit sample of tenant files showed that the authority has not conducted annual re-examinations, does not maintain current income verifications on all members of the household, does not have on file contain forms 9886, lead base paint notices, current accurate leases, or 214 immigration status forms.

CFDA NUMBER: 14.850

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1999

STATUS OF PRIOR AUDIT FINDINGS
(CONTINUED)

CURRENT CONDITION: All required documentation was in the files. The files are now being kept in an organized and orderly manner.

THIS FINDING IS CLEARED.

98-1 AUDITS CONDUCTED LATE

CONDITION: The audit for the September 30, 1996, 1997 and 1998 years was conducted in May of 1999.

CFDA NUMBER: 14.850

CURRENT CONDITION: The audit was conducted within the nine months allowed.

THIS FINDING IS CLEARED.

98-2 INTERNAL CONTROLS OVER CASH RECEIPTS

CONDITION: The audit of cash receipts revealed the following: There are no daily statements of operation, the rent due does not tie to information in the resident files, the office does not contain a safe or a secure area in which to collect rent.

CFDA NUMBER: 14.850

CURRENT CONDITION: The authority has changed the cash receipts process so that collections are taken at the bank. There were no discrepancies noted in the current audit sample.

THIS FINDING IS CLEARED.

98-3 INTERNAL CONTROLS OVER CASH DISBURSEMENTS

CONDITION: The audit of cash disbursements revealed the following: the supporting documentation for check vouchers is missing or inadequate, the supporting documentation, when present, does not generally provide enough detail to determine if the expenditure was allowable or reasonable. The authority has expended federal funds for unallowable costs, such as donations and political contributions. Board members have approved unallowable costs.

CURRENT CONDITION: The sample of cash disbursements showed significant improvements in internal control. The vouchers contained adequate supporting documentation. There were no discrepancies noted in the current audit sample.

THIS FINDING IS CLEARED.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1999

STATUS OF PRIOR AUDIT FINDINGS
(CONTINUED)

98-4 INTERNAL CONTROLS OVER PAYROLL

CONDITION: The audit of payroll revealed the following: the authority did not pay salaries in accordance with a schedule of all positions and salaries, the authority did not file federal and state payroll returns in a timely fashion, the authority has been assessed penalties for late filing of returns, and there are no time sheets to support the salaries paid.

CURRENT CONDITION: The authority no longer has a payroll. The authority is managed by a management agent. There were no discrepancies noted in the current audit. The Authority has received correspondence from the IRS stating that all penalties have been abated.

THIS FINDING IS CLEARED.

98-5 PILOT (PAYMENTS IN LIEU OF TAXES) NOT PAID

CONDITION: The authority has unpaid PILOT that dates back to 1995.

CFDA NUMBER: 14.850

CURRENT CONDITION: The authority has paid the pilot.

THIS FINDING IS CLEARED.

98-6 LAND, STRUCTURES AND EQUIPMENT INVENTORY

CONDITION: The authority has not conducted an inventory of the Land Structures and Equipment.

CFDA NUMBER: 14.850

CURRENT CONDITION: The authority has taken an inventory and the fee accountant has reconciled the inventory listing to the general ledger.

THIS FINDING IS CLEARED.

98-7 PHMAP SUPPORTING DOCUMENTATION

CONDITION: There is a lack of supporting documentation for the PHMAP indicators.

CFDA NUMBER: 14.850

CURRENT CONDITION: The supporting documentation was examined and is in agreement with the forms submitted.

THIS FINDING IS CLEARED.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1999

STATUS OF PRIOR AUDIT FINDINGS
(CONTINUED)

98-8 BUDGETING

CONDITION: The authority does not have procedures in place to compare actual expenditures to the budget. The fee accountant does all of the accounting work on an annual basis.

CFDA NUMBER: 14.850

CURRENT CONDITION: The authority now receives monthly financial statements so that the budget can be monitored.

THIS FINDING IS CLEARED.

CURRENT AUDIT FINDINGS

There were no current audit findings for the year ending September 30, 1999.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana
 SEPTEMBER 30, 1999

SCHEDULE OF ADJUSTMENTS MADE

Low Income Public Housing
Annual Contributions Contract FW-1218

Account Number	(1)	<u>Dr.</u>	<u>Cr.</u>
2119	Payroll liabilities	6,509.05	
6020	Prior Period Adjustments		
	Affecting Residual Receipts		6,509.05

To remove payroll liabilities that no longer exist. (This entry should be made by the PHA).

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

ANNUAL CONTRIBUTION CONTRACT	PROGRAM AND ASSISTANCE TYPE	CFDA NUMBER	AMOUNT	BALANCE BEGINNING OF YEAR	SUBSIDIES CONTRIBUTIONS ADVANCES	BALANCE END OF YEAR
	U.S. DEPARTMENT OF HUD					
	Public and Indian Housing	14.850				
FW-1218	Operating Subsidy		\$ 23,297.00	0.00	\$ 23,297.00	\$ 0.00
FW-1218	Accruing Annual Contributions		0.00	0.00	0.00	0.00
			<u>23,297.00</u>	<u>0.00</u>	<u>23,297.00</u>	<u>0.00</u>
	TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ <u>23,297.00</u>	\$ <u>0.00</u>	\$ <u>23,297.00</u>	\$ <u>0.00</u>

A Indicates a type "A" federal financial assistance program as defined by OMB Circular A-133

B Indicates a type "B" federal financial assistance program as defined by OMB Circular A-133

* Indicates a program audited as major

Jean Sickels

Certified Public Accountant

**870 Cinderella Court
Decatur, GA 30033-5812**

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

Board of Commissioners
Housing Authority of the
City of Farmerville
P.O. Box 446
Farmerville, Louisiana 71241

HUD - New Orleans Office
Public Housing Division
Hale Boggs Federal Building
501 Magazine Street
New Orleans, Louisiana 70130-3099

I have audited the financial statements of the Housing Authority of the City of Farmerville, as of and for the year ended September 30, 1999 and have issued my report thereon dated February 28, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority of the City of Farmerville's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I 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.

Jean Sickels

Certified Public Accountant

Decatur, Georgia
February 28, 2000

Jean Sickels

Certified Public Accountant
870 Cinderella Court
Decatur, GA 30033-5812

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the
City of Farmerville
P.O. Box 446
Farmerville, Louisiana 71241

HUD - New Orleans Office
Public Housing Division
Hale Boggs Federal Building
501 Magazine Street
New Orleans, Louisiana 70130-3099

Compliance

I have audited the compliance of the Housing Authority of the City of Farmerville with the types of compliance requirements described in the **U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement** that are applicable to each of its major federal programs for the year ended September 30, 1999. The Housing Authority of the City of Farmerville's major federal programs are identified in the accompanying schedule of expenditures of federal awards. 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 Farmerville's management. My responsibility is to express an opinion on the Housing Authority of the City of Farmerville's compliance based on my audit.

I conducted my 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**. Those standards and OMB Circular A-133 require that I 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 Farmerville's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Housing Authority of the City of Farmerville's compliance with those requirements.

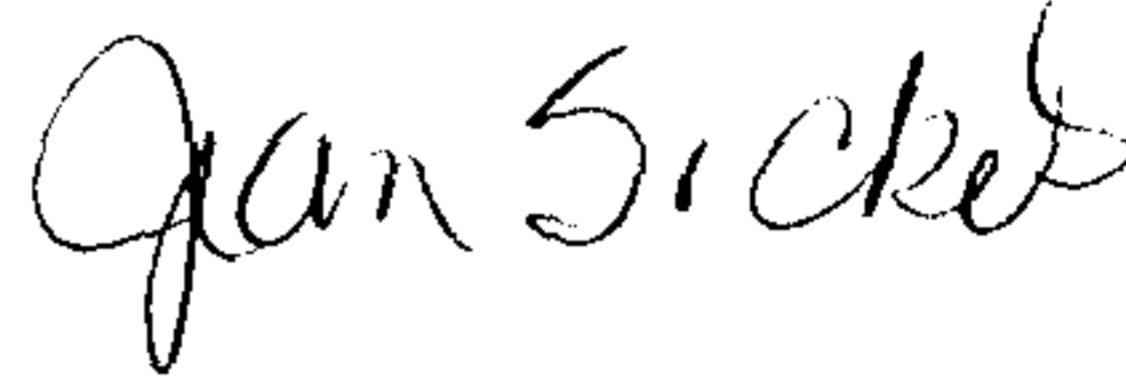
In my opinion, the Housing Authority of the City of Farmerville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999.

Internal Control Over Compliance

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

My 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. I noted no matters involving the internal control over compliance and its operation that I 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.



Certified Public Accountant

Decatur, Georgia
February 28, 2000

LA052 9/30/1999

Line Item #	Account Description	Low Rent Public Housing
111	Cash - Unrestricted	\$49,553
100	Total Cash	\$49,553
126	Accounts Receivable - Tenants - Dwelling Rents	\$29,404
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-16,199
126.2	Allowance for Doubtful Accounts - Other	\$0
129	Accrued Interest Receivable	\$63
120	Total Receivables, net of allowances for doubtful accounts	\$13,268
142	Prepaid Expenses and Other Assets	\$5,833
150	Total Current Assets	\$68,654
161	Land	\$6,430
162	Buildings	\$772,395
163	Furniture, Equipment & Machinery - Dwellings	\$18,850
164	Furniture, Equipment & Machinery - Administration	\$24,261
165	Leasehold Improvements	\$92,125
166	Accumulated Depreciation	\$-807,268
160	Total Fixed Assets, Net of Accumulated Depreciation	\$106,793
180	Total Non-Current Assets	\$106,793
190	Total Assets	\$175,447

LA052 9/30/1999

Line Item #	Account Description	Low Rent Public Housing
312	Accounts Payable <= 90 Days	\$2,831
321	Accrued Wage/Payroll Taxes Payable	\$6,509
333	Accounts Payable - Other Government	\$8,727
341	Tenant Security Deposits	\$1,282
310	Total Current Liabilities	\$19,349
350	Total Noncurrent Liabilities	\$0
300	Total Liabilities	\$19,349
504	Net HUD PHA Contributions	\$106,793
508	Total Contributed Capital	\$106,793
511	Total Reserved Fund Balance	\$0
512	Undesignated Fund Balance/Retained Earnings	\$49,305
513	Total Equity	\$156,098
600	Total Liabilities and Equity	\$175,447

LA052 9/30/1999

Line Item #	Account Description	Low Rent Public Housing
703	Net Tenant Rental Revenue	\$57,395
704	Tenant Revenue - Other	\$3,742
705	Total Tenant Revenue	\$61,137
706	HUD PRA Grants	\$23,297
711	Investment Income - Unrestricted	\$7,204
700	Total Revenue	\$91,638
911	Administrative Salaries	\$7,506
912	Auditing Fees	\$4,590
913	Outside Management Fees	\$7,076
915	Employee Benefit Contributions - Administrative	\$637
916	Other Operating - Administrative	\$4,505
931	Water	\$123
932	Electricity	\$1,074
933	Gas	\$539
938	Other Utilities Expense	\$14
941	Ordinary Maintenance and Operations - Labor	\$4,978
942	Ordinary Maintenance and Operations - Materials and Other	\$13,392
943	Ordinary Maintenance and Operations - Contract Costs	\$15,550
945	Employee Benefit Contributions - Ordinary Maintenance	\$637
953	Protective Services - Other	\$432

LA052 9/30/1999

Line Item #	Account Description	Low Rent Public Housing	
961	Insurance Premiums	\$8,882	
963	Payments in Lieu of Taxes	\$5,565	
964	Bad Debt - Tenant Rents	\$18,695	
969	Total Operating Expenses	\$94,195	
970	Excess Operating Revenue over Operating Expenses	\$-2,557	
974	Depreciation Expense	\$18,091	
900	Total Expenses	\$112,286	
1010	Total Other Financing Sources (Uses)	\$0	
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-20,648	

LA052 9/30/1999

Line Item #	Account Description	Low Rent Public Housing	T
1102	Debt Principal Payments - Enterprise Funds	\$0	
1103	Beginning Equity	\$1,095,650	\$
1104	Prior Period Adjustments and Equity Transfers	\$-918,904	
1112	Depreciation Add Back	\$18,091	
1120	Unit Months Available	480	
1121	Number of Unit Months Leased	432	

