

TOM E. BREUSTER

CERTIFIED PUBLIC ACCOUNTANT

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LEO L. BROWN, AUDITOR

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FINANCIAL STATEMENTS

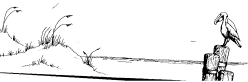
REVENUE AUTHORITY OF THE TOWN OF MOOREVILLE

MOOREVILLE, MISSISSIPPI

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

DECEMBER 31, 1990

Release Date SEP 25 1996



FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

OBERLIN, LOUISIANA

DECEMBER 31, 1996

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

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**TOM E. BREWSTER
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**Board of Commissioners
Housing Authority of the
Town of Oberlin
P.O. Drawer 338
Oberlin, Louisiana 70655-0338**

**U.S. Department of Housing
and Urban Development
Area Field Office**

INDEPENDENT AUDITOR'S REPORT

I have audited the financial statements listed in the Table of Contents of the Housing Authority of the Town of Oberlin, Louisiana, as of and for the year ended December 31, 1995. 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 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.

As discussed in Note I, the Authority prepares its financial statements on the basis of accounting practices prescribed or permitted by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Oberlin, Louisiana, as of December 31, 1995, and the results of its operations for the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, I have also issued a report dated July 19, 1996 on my consideration of the Housing Authority's internal control structure and a report dated July 19, 1996 on its compliance with laws and regulations.



CERTIFIED PUBLIC ACCOUNTANT
Pensacola, Florida
July 19, 1996

CONVENTIONAL PUBLIC HOUSING PROGRAM

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA
CONVENTIONAL PUBLIC HOUSING PROGRAM

STATEMENT OF ASSETS, LIABILITIES, AND SURPLUS

AS OF DECEMBER 31, 1995

ASSETS

Cash	\$	23,744.45
Accounts Receivable		540.06
Investments		0.00
Debt Amortization Funds		12,077.00
Deferred Charges		957.75
Land, Structures and Equipment		<u>725,504.65</u>
TOTAL ASSETS	\$	<u>772,823.81</u>

LIABILITIES AND SURPLUS

Accounts Payable	\$	1,443.79
Accrued Liabilities		3,322.33
Deferred Credits		0.00
Fixed Liabilities		<u>82,073.80</u>
TOTAL LIABILITIES		87,740.92
Surplus - See Statement of Analysis of Surplus		<u>685,073.90</u>
TOTAL LIABILITIES AND SURPLUS	\$	<u>772,823.81</u>

See Notes to Program and Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

CONVENTIONAL PUBLIC HOUSING PROGRAM

STATEMENT OF INCOME AND EXPENSES

For The Year Ended
December 31, 1995

OPERATING INCOME

Rental Income	\$ 23,482.93
Excess Utilities	0.00
Interest on General Fund Investments	0.00
Other Income	<u>322.27</u>
Total Operating Income	<u>23,805.20</u>

OPERATING EXPENSES

Administration	11,443.38
Utilities	1,219.63
Ordinary Maintenance and Operation	4,512.49
General Expense	9,604.81
Non-Routine Maintenance	<u>0.00</u>
Total Operating Expenses	<u>26,780.31</u>

NET OPERATING INCOME (LOSS) (2,975.11)

OTHER CHARGES AND CREDITS

Interest on Notes and Bonds Payable	(2,595.11)
Prior Year Adjustments Affecting Residual Receipts: PHA	0.00
Prior Year Adjustments Not Affecting Residual Receipts: PHA	0.00
Loss from Disposition of Nonexpendable Equipment	<u>0.00</u>
Total Other (Charges) and Credits	<u>(2,595.11)</u>

NET INCOME (LOSS) \$ 6,780.30

See Notes to Program and Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF CHELSEA, LOUISIANA

CONVENTIONAL PUBLIC HOUSING PROGRAM

STATEMENT OF ANALYSIS OF SURPLUS

For The Year Ended
December 31, 1995

UNRESERVED SURPLUS

Balance at December 31, 1994	\$ 288,932.71
Net Loss	(6,740.34)
Provision for Operating Reserve	(6,316.77)
HUD Adjustment	(918.66)
Balance at December 31, 1995	(282,928.48)

OPERATING RESERVE

Balance at December 31, 1994	11,449.21
HUD Adjustment	(890.48)
Audit Adjustment	2,800.26
Provision for Operating Reserve	6,536.77
Balance at December 31, 1995 * See Note 1-9 *	20,482.04

HUD CUMULATIVE CONTRIBUTIONS

Balance at December 31, 1994	945,396.21
Accruing Annual Contributions	12,648.13
Operating Subsidy	18,682.00
Balance at December 31, 1995	967,526.34

TOTAL SURPLUS \$ 685,072.90

See Notes to Program and Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA
CONVENTIONAL PUBLIC HOUSING PROGRAM

NOTES TO PROGRAM STATEMENTS

DECEMBER 31, 1993

NOTE A - ACCOUNTS RECEIVABLE

Accounts Receivable consist of:

Tenants \$ _____ 241.00

NOTE B - INVESTMENTS

Total Investments \$ _____ 0.00

NOTE C - DEBT AMORTIZATION FUNDS

Debt Amortization Funds consist of:

Debt Service Fund \$ _____ 24.88

HUD Annual Contribution Receivable _____ 12,078.13

Total Debt Amortization Funds \$ _____ 12,103.01

NOTE D - DEFERRED CHARGES

Deferred Charges consist of:

Prepaid Insurance \$ _____ 832.75

Other _____ 125.80

Total Deferred Charges \$ _____ 958.55

NOTE E - ACCOUNTS PAYABLE

Accounts Payable consist of:

Tenants Security Deposits \$ _____ 1,208.00

Other _____ 143.78

Total Accounts Payable \$ _____ 1,351.78

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

CONVENTIONAL PUBLIC HOUSING PROGRAM

NOTES TO PROGRAM STATEMENTS (CONTINUED)

DECEMBER 31, 1995

NOTE I - LAND, STRUCTURE, AND EQUIPMENT

The Authority capitalizes Land, Structures and Equipment in accordance with the HUD Low-Rent Housing Authority Accounting Handbook.

	<u>Beginning of</u> <u>Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>End of Year</u>
Total	\$ 715,504.65	\$ _____ 0.00	\$ _____ 0.00	\$ 715,504.65

NOTE G - ACCRUED LIABILITIES

Accrued Liabilities consist of:

Payment in Lieu of Taxes	\$ _____ 3,002.33
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NOTE H - FIXED LIABILITIES

New Housing Authority Bonds - Issued	\$ 565,000.00
- Retired	(182,000.00)
Bonds Outstanding	_____ 82,575.80
Permanent Notes - Federal Financing Bank	_____ 0.00
Total Fixed Liabilities	\$ _____ 82,575.80

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

1. **Organization** - The Housing Authority of the Town of Oberlin, Louisiana, a non-profit organization which was organized pursuant to the U.S. Housing Act of 1937 to provide low cost housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other Federal Agencies.

The financial statements for all programs of the Authority are prepared on the basis of accounting prescribed or permitted by the Department of Housing and Urban Development and other Federal/Cognizant agencies. Under the basis of accounting, the Federally assisted public housing programs are not considered to be self-sustaining activities. The Housing Authority is economically dependent upon HUD for operating subsidies to fund its programs. Without this aid, the Authority could not continue its operations.

2. The financial statements herein are presented in the general format of the prescribed financial reports that are required to be submitted by the Public Housing Authority to the cognizant agency.

3. Buildings and equipment are recorded at cost and no provision for depreciation of these facilities is provided.

4. Major repair expenditures, funded out of operations, such as painting, roofing and plumbing, are charged against income.

5. Collection losses on accounts receivable are charged against income on the specific write-off method. As receivables are deemed collectible, no provision for doubtful accounts has been established.

6. The Authority is a tax-exempt organization which is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

7. Subsidies and grants received from the Department of Housing and Urban Development, or other grantor agencies, whether for capital improvements or operating purposes, are recorded as a contribution to surplus.

8. Investments are stated at cost plus any interest credited to the investment. Investments are limited to those types of instruments approved by HUD which include certificates of deposit, money-market accounts, and other similar interest-bearing accounts.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1989

**NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION
(CONTINUED)**

9. The costs of accumulated unpaid vacation and sick leave are reported in the period paid rather than in the period earned.

NOTE II. - OMISSION OF CERTAIN DISCLOSURES

These financial statements are intended solely for use by the Housing Authority, the Department of Housing and Urban Development and any other applicable significant Federal Agency. These Agencies provide the Housing Authority with detailed manuals which prescribe and describe accounting principles or procedures to be used by the Housing Authority which, in certain cases differ from generally accepted accounting principles. Any significant or material deviations from these prescribed principles or procedures are required to be reported as findings in the audit report. In addition, the Federal Agency(s) determine and arrange for the temporary and permanent financing for each program as appropriate, and they provide the funding for repayment of any debt. Terms of debt payments have been omitted from this report. Therefore, this audit report may not necessarily present all disclosures as required by generally accepted auditing standards.

Due to Internal Revenue Service rulings and changes in the Tax Laws in 1985 and 1986, the U.S. Department of Housing and Urban Development purchased the outstanding "Project Notes - Non HUD" that were originally issued for many PMA's. HUD now keeps a record of each PMA's outstanding and unpaid "Notes Payable" on a Security Ledger which it maintains. The PMA adjusts its records so that their outstanding Notes Payable agrees with amounts on the Security Ledger that may be received from the HUD Regional Accounting Office.

NOTE III. - FORGIVENESS OF PROJECT DEBT TO HUD

Notice PDH 87-12, issued August 4, 1987, implements the provisions of the Housing and Community Development Reconciliation Amendments of 1985 (P.L. 99-272) that authorize the HUD Secretary to forgive outstanding principal and interest on loans made by HUD to PMA's. Forgiveness is limited to loans held by HUD which were to be repaid using annual contributions. Project debt to HUD is forgiven after a debt forgiveness agreement to the ACC is executed and approved in the future by HUD. When the Housing Authority is notified that any loans are forgiven, the amount forgiven is recorded as a contribution in the HUD Cumulative Contribution Account.

HOUSING AUTHORITY OF THE TOWN OF CHERLIS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1995

NOTE IV - DEPOSITS AND INVESTMENTS

All deposits are kept in banking institutions insured by the FDIC. Certificates of deposit, money-market accounts, passbook savings accounts and checking accounts that exceed the FDIC insurance coverage are required to be collateralized with securities held by the pledging financial institution in the Authority's name. No deposits or investments are at risk as of the balance sheet date.

NOTE V - REPORTING ENTITY

The Board of Commissioners of the Housing Authority, a five member group, is the primary government which has governance responsibility over all programs of the Authority. The members are appointed to staggered terms and they elect their own chairperson. They recruit and employ its management personnel and other employees. The Commission has ratifying or appointment powers, but it can sign contracts, reassign or terminate key personnel, set income limits, and is solely responsible for the day to-day operations of the Housing Authority. The Commission adopts its own budgets and has sole title to, and residual interest in, the assets of the programs. The Board receives Federal financial funding from the Federal Agency(s) identified in the Schedule of Federal Financial Assistance and must comply with the concomitant requirements of the funding source. Included in the Housing Authority's financial statements are all programs and organizations for which the Authority is the primary government with financial accountability and oversight responsibility which includes, but is not limited to, financial benefit or burden, designation of management, ability to impose its will and fiscal dependency. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Statement Number 14 of the Government Accounting Standard Board - The Financial Reporting Entity.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1998

NOTE VI - PROGRAMS OF THE ENTITY

The Housing Authority managed the following Federally Financially Aided programs during the year under audit:

Conventional Public Housing Program

The Housing Authority managed the following Non-Federally Aided programs during the year under audit: None.

Potential Component Units considered and included in these financial statements: None.

Potential Component Units considered but excluded from this report: None.

NOTE VII - CONTINGENCIES

The Authority is also subject to possible monitoring examinations by Federal and State authorities. Such examinations, when made, are to determine compliance with terms, regulations and conditions of Federal Awards as well as to determine compliance with state laws. Violations, if they occur, could possibly financially impact the Authority.

At year end, the Authority was contingently liable to employees for accumulated, but unpaid, vacation and/or sick leave pay in the amount of \$0. This amount has not been recorded in the financial statements.

NOTE VIII - PENSION PLAN

The Authority provides a defined contribution pension plan for eligible full-time employees. The Authority contributes an amount equal to 4% of each employee's annual compensation to the plan, and accounts for pension costs as incurred. Pension expense totaled \$0 for the year and is included with other expenses in the caption General Expenses.

HOUSING AUTHORITY OF THE TOWN OF OMBLIN, LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

DECEMBER 31, 1995

PROGRAM	CFDA NO.	ASSISTANCE	EXPENDITURES
U.S. Dept. of Housing and Urban Development:			
Conventional Public Housing Program:			
HUD Operating Subsidy		\$ 10,082.00	\$ 10,082.00
HUD Annual Contribution	14.850*	____12,048.13	____12,048.13
Total Federal Financial Assistance		\$ ____22,130.13	\$ ____22,130.13

* As defined by OMB Circular A-128. This is a nonmajor program.

Ex. 17(a)
20-22

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Board of Commissioners
Housing Authority of the
Town of Oberlin
P.O. Drawer 338
Oberlin, Louisiana 70655-0338

**QUALIFIED REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS - REPORTABLE
INSTANCES OF NONCOMPLIANCE**

I have audited the general purpose financial statements of the Housing Authority of the Town of Oberlin, Louisiana, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 19, 1996.

My audit was conducted in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Housing Authority of the Town of Oberlin, Louisiana, is the responsibility of the Housing Authority's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed instances of noncompliance that are required to be reported herein under Government Auditing Standards. These instances of noncompliance are described in the accompanying Schedule of Findings and Questioned Costs.

I considered these instances of noncompliance in forming my opinion on whether the Housing Authority of the Town of Oberlin, Louisiana's December 31, 1995 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated July 19, 1996, on these general purpose financial statements.

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



CERTIFIED PUBLIC ACCOUNTANT

Pensacola, Florida

July 19, 1996

TOM E. BREWSTER
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Board of Commissioners
Housing Authority of the
Town of Oberlin
P. O. Drawer 318
Oberlin, Louisiana 70655-0318

**SINGLE AUDIT QUALIFIED REPORT ON
COMPLIANCE WITH THE GENERAL
REQUIREMENTS APPLICABLE TO FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**

I have audited the general purpose financial statements of the Housing Authority of the Town of Oberlin, Louisiana, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 19, 1996.

I have applied procedures to test the Housing Authority of the Town of Oberlin, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1995:

General Requirements:

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

My procedures were limited to the applicable procedures described in the "Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments." My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Housing Authority of the Town of Oberlin, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

Material instances of noncompliance consist of failures to follow the general requirements that caused me to conclude that the misstatements resulting from these failures are material to the federal financial assistance program. The results of my tests of compliance disclosed material instances of noncompliance that are described in the accompanying Schedule of Findings and Questioned Costs.

I considered these material instances of noncompliance in forming my opinion on whether the Housing Authority of the Town of Oberlin, Louisiana's December 31, 1995 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated July 19, 1996, on those financial statements.

Except as described above, the results of my procedures to determine compliance indicate that, with respect to the items tested, the Housing Authority of the Town of Oberlin, Louisiana, complied, in all material respects, with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Housing Authority of the Town of Oberlin, Louisiana, had not complied, in all material respects, with those requirements. However, the results of my procedures also disclosed immaterial instances of noncompliance with these requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

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



CERTIFIED PUBLIC ACCOUNTANT

Pensacola, Florida

July 18, 1996

Ex. 25 (b)
29-27

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PENSACOLA, FLORIDA 32515**

Board of Commissioners
Housing Authority of the
Town of Oberlin
P.O. Drawer 338
Oberlin, Louisiana 70655-0338

**REPORT ON THE INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
[NO REPORTABLE CONDITIONS NOTED]**

I have audited the general purpose financial statements of the Housing Authority of the Town of Oberlin, Louisiana, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 15, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and CMD Circular A-128. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements.

The management of the Housing Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the Housing Authority of the Town of Oberlin, Louisiana, for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

These reportable conditions are fully disclosed under the caption: CURRENT AUDIT FINDINGS AND ITEMS OF NONCOMPLIANCE, pages 25-28. The Housing Authority's management did not follow the internal control policies and procedures nor follow applicable laws and regulations for the items cited.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

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



CERTIFIED PUBLIC ACCOUNTANT
Pensacola, Florida
July 15, 1996

**TOM E. BREWSTER
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Board of Commissioners
Housing Authority of the
Town of Oberlin
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Oberlin, Louisiana 70655-0238

**REPORT ON COMPLIANCE WITH CERTAIN
SPECIFIC REQUIREMENTS OF NONMAJOR
FEDERAL FINANCIAL ASSISTANCE
PROGRAMS**

Independent Auditor's Report on the Housing Authority's Compliance with Its Nonmajor Federal
Financial Assistance Programs

I have audited the general purpose financial statements of the Housing Authority of the Town of Oberlin, Louisiana, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 19, 1996.

In connection with my audit of the general purpose financial statements of the Housing Authority of the Town of Oberlin, Louisiana, and with my consideration of the Authority's control structure used to administer federal financial assistance programs, as required by the Office of Management and Budget Circular A-128, "Audit of State and Local Governments", I selected certain transactions applicable to certain nonmajor federal financial assistance program(s) for the year ended December 31, 1995. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing:

Specific Requirements:

Adherence to A.C.C. Provisions
CLAMP/GP/Development Cost Reporting
Modernization and Development Program
Procurement Policy
Performance Funding System
Public Housing Management Assessment Program
Occupancy Function

that are applicable to these transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the compliance of the Housing Authority of the Town of Oberlin, Louisiana, with these requirements. Accordingly, I do not express such an opinion.

The results of my tests indicate that, with respect to the items tested, the Town of Oberlin, Louisiana, complied with these requirements, except as described in the attached schedule. However, the extent of noncompliance noted in my testing indicates that, with respect to nonmajor program transactions

not tested by me, there is more than a relatively low risk that the Housing Authority of the Town of Oceanic, Louisiana, may not have complied with the requirements referred to in the preceding paragraph. These matters were considered by me in evaluating whether the general purpose financial statements are presented fairly in conformity with generally accepted accounting principles.

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



CERTIFIED PUBLIC ACCOUNTANT
Pensacola, Florida
July 19, 1986

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Board of Commissioners
Housing Authority of the
Town of Oberlin
P.O. Drawer 398
Oberlin, Louisiana 70655-0398

SINGLE AUDIT REPORT ON THE
INTERNAL CONTROL STRUCTURE USED
IN ADMINISTERING FEDERAL
FINANCIAL ASSISTANCE PROGRAMS -
NO MAJOR PROGRAMS

I have audited the general purpose financial statements of the Housing Authority of the Town of Oberlin, Louisiana, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 19, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." These standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Housing Authority of the Town of Oberlin, Louisiana, complied with laws and regulations, noncompliance with which would be material to its federal financial assistance program(s).

In planning and performing my audit for the year ended December 31, 1995, I considered the internal control structure of the Housing Authority of the Town of Oberlin, Louisiana, in order to determine my auditing procedures for the purpose of expressing my opinions on the Authority's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated July 19, 1996.

The management of the Housing Authority of the Town of Oberlin, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance program(s) are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future

periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

ACCOUNTING CONTROLS

Operating Budget	General Ledger
Cash Disbursements	Journal Vouchers
Cash Receipts	Operating Salary/PFS System
Purchasing and Procurement	Payroll

ADMINISTRATIVE CONTROLS

General Requirements:

Political Activity	Administrative Requirements
Cash Management and Policies	including Minutes, Resolutions
Drug-Free Workplace Act	and policies of the Board of
Civil Rights	Commissioners
Federal Financial Reports	Allowable Costs/Cost Principles
Davis-Bacon Act	

Specific Requirements:

Adherence to A.C.C. Provisions
CIAP/CIP/Development Cost Reporting
Modernization and Development Program
Procurement Policy
Performance Funding System
Public Housing Management Assessment Program
Occupancy Function

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended December 31, 1995, the Housing Authority of the Town of Olaton, Louisiana, had no major federal financial assistance program(s) and expended 100% of its total federal financial assistance under the nonmajor federal financial assistance program(s) as disclosed in the Schedule of Federal Financial Assistance.

I performed tests of controls, as required by OBHR Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Authority's nonmajor federal financial assistance program(s), which are identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Housing Authority of the Town of Obolton, Louisiana's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

These reportable conditions are fully disclosed under the caption: CURRENT AUDIT FINDINGS AND ITEMS OF NONCOMPLIANCE, pages 25-28. The Housing Authority's management did not follow the internal control policies and procedures nor follow applicable laws and regulations for the items cited.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the following in matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the compliance of the Housing Authority of the Town of Obolton, Louisiana, with requirements applicable to its major federal financial assistance programs for the year ended December 31, 1995, and this report does not affect my report thereon dated July 19, 1996.

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


CERTIFIED PUBLIC ACCOUNTANT
Parasoft, Florida
July 19, 1996

HOUSING AUTHORITY OF THE TOWN OF GREELIN, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 1995

STATUS OF PRIOR AUDIT FINDINGS

The prior audit of December 31, 1994, by Richard C. Urban, CPA, contained no audit findings or items of noncompliance. His report did contain several general comments regarding failure to timely provide for the audit, minutes of board meetings being sketchy, and tenant files being incomplete. During the year 1995, some of these items were corrected and are presented hereinafter in our report.

STATUS OF EXECUTIVE DIRECTORS

Ms. Verla L. Chaumont was hired as Executive Director on January 4, 1995. Ms. Chaumont resigned effective February 1996. Ms. Sylvia Manuel began February 12, 1996.

CURRENT AUDIT FINDINGS AND ITEMS OF NONCOMPLIANCE

The following items were discussed with Ms. Sylvia Manuel, Executive Director at the exit conference held July 18, 1996:

1. Travel Policy/Allowance Did Not Meet HUD-Cr. State Standards. HUD Handbook 7401.7 requires travel policy and practices to conform to local public practice for governmental organizations. The PHA's travel policy does not specify any monthly automobile allowance, yet the PHA has paid \$75.00 per month to the Executive Director. The HUD Handbooks also specify that a mileage log is to be maintained and, at least every six months, reconciled to the allowance paid so that the allowance is justified and adjusted. Furthermore, no social security taxes has been withheld, nor have 1099 forms been issued, as required by the Internal Revenue Service.

Recommendation: We recommend that the PHA a.) begin withholding social security taxes from any auto allowance paid and b.) issue a 1099 for 1995 for the auto allowance paid in the previous year. We also recommend that the current Executive Director maintain a mileage log to justify the auto allowance, and that, on a semi-annual basis, any over or under payment be settled so that the PHA reimburses the Executive Director for all actual mileage costs.

2. Many Policies Need Updating. The PHA's policies have not been updated in many years. The procurement policy was last updated in 1978, and the travel policy has been in effect since 1984. Other policies including the Tenant Selection and Assignment, Admission and Continued Occupancy, Personnel, and etc. all need to be updated.

Recommendation: We recommend that the PHA update all of its policies.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

DECEMBER 31, 1995

3. **Operating Budgets Submitted Late.** The HUD Handbooks specify that the operating budget is to be submitted to HUD 90 days prior to the beginning of the PHA's fiscal year. Both the 1995 and 1996 operating budgets were submitted to HUD in February 1995 and 1996, respectively, about four months late.

Recommendation: We recommend that the PHA have the Board meet to discuss the items in the budget in September, then adopt the budget in October of each year.

4. **Tenant Files Deficient.** HUD specifies the documents and information that must be maintained in each tenant's file. Included should be the signed lease, income verification, release of information form, and etc. The files we reviewed had a lot of the required documentation, but none contained all of the required information and documentation. These files had deficiencies over the past three or four years.

Also, the PHA did not, and still does not, submit the 50698 form via MTCB as required.

Recommendation: We recommend that all tenant files be brought up to date, that all required documents and forms be completed as required, and that all information be obtained and placed into the file. We also recommend that the PHA arrange to transmit the 50698's via MTCB as required.

5. **Insurance Coverage Lapses.** The ACE requires the PHA to maintain complete insurance coverage at all times. During 1995, the PHA had coverage lapse for a period of time for its general liability and fidelity bond insurance. HUD Handbooks require the PHA to maintain an insurance register so that the PHA can monitor expiration dates and can plan its insurance acquisition. We did not locate any type of insurance register for 1993, 1994, or 1995.

Recommendation: We recommend that the PHA start an insurance register as outlined in the HUD Handbook, and that it be monitored routinely by the Executive Director so that coverage does not lapse in the future.

6. **Filet Not Paid.** The Cooperation Agreement between the Town and the PHA states that the 'payment in lieu of taxes' (filet) be paid annually. The 1994 payment, due in mid-1995, and the 1995 payment, due in mid-1996, have not been paid as specified in the Cooperation Agreement.

Recommendation: We recommend that the PHA pay the 1994 'filet' payment (\$1,185.00) immediately and that the 1995 amount (\$2,126.12) be paid by December 31, 1996.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

DECEMBER 31, 1995

7. **Cash Management/Investments Deficient.** HUD Handbook requires the PHA to forecast its 90 day cash needs on a quarterly basis and to invest all monies not deemed necessary for operations. The PHA's operating policy, in conjunction with the estimated interest (EIR) and target interest (TIR) requirements, for 1993, 1994, and 1995 specified that the PHA should earn about \$500 per year in interest income.

The PHA has no investments earning interest, and it does not have an interest bearing checking account. As a consequence, it has lost about \$1,500 in operating funds because it did not invest its "excess" cash or manage its cash as required.

Recommendation: We recommend that the PHA prepare a 90 day cash needs forecast on a quarterly basis as required. Funds in excess of present needs should be placed in a certificate of deposit or some type of interest bearing account.

8. **Minutes Of Board Meetings Do Not Follow By-Laws.** The by-laws of the Authority specifies the manner and order that the meetings of the Board of Commissioners are to follow. In reading the minutes over the past several years, the PHA has not followed the order that is specified in the by-laws.

Recommendation: We recommend that the Secretary of the Board set the meeting agenda in the order specified in the by-laws. We also recommend that the minutes, when typed, follow the same order.

9. **By-Laws Violation.** The by-laws specify that the Secretary of the Board provide the Commissioners with a "condition of the Authority"--that is, a balance sheet, and with a "schedule of expenditures"--that is, an income statement, at each board meeting. During the past three years, the minutes have not specified whether any financial statements were ever given to the Commissioners.

Recommendation: We recommend that the Executive Director provide the latest financial statements from the fee accountants to the Board members at each regularly scheduled meeting as required by the by-laws. The minutes of the meetings should also denote whether the Commissioners did receive and did review the latest financial statements.

10. **Audit Not Timely Arranged.** The HUD Audit Guide specifies that the audit for the fiscal year be arranged prior to the end of the fiscal year to be audited. Thus, the 1993, 1994, and 1995 audit years were to have arranged for the audit by December 31, 1993, 1994, and 1995, respectively. The December 31, 1990 audit was not arranged for until August 31, 1994. The

HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

DECEMBER 31, 1995

December 31, 1995 audit was not arranged for until June 14, 1996. Thus, the PHA did not meet the HUD Audit Guide standards. Furthermore, the PHA violated Louisiana statutes by a.) not arranging for the audit prior to its fiscal year end, and by b.) not having the audit completed within the six month deadline. The 1993 audit was completed about October 19, 1994, and the 1994 audit was completed about November 20, 1995.

Recommendation: We recommend that the PHA contract for its 1996 audit by November 30, 1996 and, in the SFP for audit, require the audit to be completed by June 30, 1997.

11. **Louisiana Systems Survey:** The PHA did not complete nor did the Board approve the Louisiana Systems Survey and Compliance Questionnaire in accordance with Louisiana law, prior to commencement of the audit.
12. **GAAP Financial Statements:** Louisiana State Reporting Law (LSA-R.S. 24:514) requires, and the Legislative Auditor has suggested "that housing authorities prepare their basic financial statements in compliance with generally accepted accounting principles and include the required HUD statements as supplemental schedules." "This approach would allow housing authorities to demonstrate compliance with state law and federal regulations." The PHA prepared its annual financial statements in accordance with HUD requirements, but it did not compile generally accepted financial statements as specified by the state reporting law.

Executive Director's Reply To Findings: I was aware of most of these items and I am in the process of taking corrective action. I expect to have all of these items corrected by year end.

LOUISIANA REQUIREMENTS

Items numbers 10, 11, and 12 presented above represent violations of Louisiana law. Items 10 and 11 were a violation in 1994 and 1995. The consequences of the violations, if any, are not known at this time.

GENERAL COMMENTS

The PHA had excessively high accounts receivable from tenants at December 31, 1993, 1994, and 1995. Uncollected tenant accounts receivable written off for 1994 and 1995 represent nearly 8% of dwelling rent charged during that time frame. It appears that the PHA did not follow its adopted Collection Policy during this time.

HOUSING AUTHORITY OF THE TOWN OF GERLIM, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 1985

GENERAL COMMENTS (CONTINUED)

The current Executive Director Ms. Sylvia Manuel, is already in the process of correcting several of the items we have forementioned, especially the tenant file problems. We were impressed with her initiative and her desire to leave the problems that have existed over the past few years so she could begin to bring the PSA into compliance with HUD requirements and with Louisiana law.

PRIOR AUDITORS

Estes & Associates - Fort Worth, Texas
Richard C. Urban - Opelousas, Louisiana

QUESTIONED COSTS

The current audit for the year ended December 31, 1985, disclosed no costs that were questionable for allowability as program costs.

BOARD OF COMMISSIONERS

Arrel Carter, Chairman
Joe Bushnell, Vice Chairman
Lorenia Cooper
Linda Dodd
Rick Smith

EXECUTIVE DIRECTOR

Sylvia Manuel

Mr. Verlie L. Chasson was the Executive Director during the year under audit.