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**HOUSING AUTHORITY OF THE TOWN OF OIL CITY  
OIL CITY, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS REPORTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1977  
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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 Louisiana Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: SEP. 26 1977 CPA  
WILLIAM DANIEL BROOKHUIS  
/ DISTRICT AUDITOR GENERAL

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9/26/77 10:00 AM '77

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

EXHIBITS -- FINANCIAL STATEMENTS

- A COMBINED BALANCE SHEET AT SEPTEMBER 30, 1997, ALL FUND TYPES AND ACCOUNT ENDS
- B COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--FOR THE YEAR ENDED SEPTEMBER 30, 1997
- C COMBINED STATEMENT OF REVENUES, EXPENDITURES, A AND CHANGES IN FUND BALANCES--BUDGET (GRAP BASIS) AND ACTUAL--GENERAL AND SPECIAL REVENUE FUNDS

NOTES TO THE FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION

SUPPLEMENTARY INFORMATION SCHEDULES--GAAP BASIS

- I CAPITAL PROJECT FUNDS--COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS-- NOT APPLICABLE, NONE PAID

- II SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SUPPLEMENTARY INFORMATION SCHEDULES--STATUTORY BASIS

- III BALANCE SHEET--STATUTORY BASIS
- IV STATEMENT OF REVENUES AND EXPENDITURES-- STATUTORY BASIS--ANNUAL CONTRIBUTIONS CONTRACT FW-1362
- V ANALYSIS OF COMPLIANCE--STATUTORY BASIS
- VI FRA'S STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS PROJECT 1A48P18900134-- STATUTORY BASIS

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SCHEDULE OF CURRENT FINDINGS AND QUESTIONED COSTS

CORRECTIVE ACTION PLAN -- NOT APPLICABLE

MANAGEMENT LETTER

**WILLIAM DANIEL MCCASKILL, CPA**

INDEPENDENT AUDITOR

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CITY OF OIL CITY  
GENERAL ACCOUNT # 001  
GENERAL ACCOUNT # 002

**INDEPENDENT AUDITOR'S REPORT  
UNQUALIFIED OPINION ON GENERAL PURPOSE  
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE TOWN OF OIL CITY  
OIL CITY, LOUISIANA 71661

I have audited the accompanying general purpose financial statements of the Housing Authority of The Town of Oil City (HFA) as of and for the year ended September 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the HFA's management. My responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significance estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of The Town of Oil City as of September 30, 1987, and the results of its operations and changes in its surplus for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated December 11, 1987 on my consideration of the FHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the FMA taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners of the FMA, and for filing with the Department of HUD and should not be used for any other purpose.

---

William Daniel McSkellin, CPA  
A Professional Accounting Corporation

December 11, 1987







**THE HOUSING AUTHORITY OF THE TOWN OF OIL CITY  
OIL CITY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS**

Housing Authorities are chartered as a public corporation under the laws (LSA-RS 40:391) of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Oil City, Louisiana. This creation was contingent upon the local governing body of the city or parish. The PHA is governed by a five member Board of Commissioners. The members, appointed by the Mayor of Oil City, Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PHA for the purpose of assisting the PHA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PHA for the purpose of maintaining this low rent character.

The PHA has the following programs under management:

	ACC Number	Number of Units
PHA Owned Housing	FW-1362	77

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the PHA have been prepared in conformity with GAAP as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

GASB Statement Number 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the PHA is legally separate and fiscally independent by being solely accountable for fiscal matters, including (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, (3) fiscal management for controlling the collection and disbursement of funds, (4) authority to issue debt, the PHA is a separate governmental reporting entity. The PHA includes all funds, account groups, activities that are within the oversight responsibility of the PHA.

Certain units of local government over which the PHA exercised no oversight responsibility, such as the school boards, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate entities and issue financial statements separate from those of the PHA.

### C. FUND ACCOUNTING

The PHA uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net spendable financial resources.

Funds of the PHA are classified in three categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds**--Governmental funds account for all or most of the PHA's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds include:

1. **General Fund**--the general operating fund of the PHA accounts for all financial resources, except those required to be accounted for in other funds.
2. **Debt Service Fund**--accounts for transactions relating to resources retained and used for the payment of principal and interest on those long term obligations recorded in the general long term obligations account group.
3. **Capital Projects Funds**--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

**Fiduciary Funds**--Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the PHA. Fiduciary funds include:

1. Tenant Security Deposits--accounts for assets held by the PHA as an agent for the individual residents. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### **D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating Statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**--Federal entitlements are recorded as unrestricted grants-in-aid when available and measurable. Federal restricted grants are recorded when the reimbursable expenditures have been incurred.

Rental income is recorded in the month earned.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest income on interest bearing demand deposits is recorded each month when credited by the bank to the account.

Substantially all other revenues are recorded when they become available to the PHA.

**Expenditures**--Salaries are recorded as expenditures when paid.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are purchased.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long term obligations account group.

Principal and interest on general long term debt are recognized when due.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

**Other Financing Sources (Uses)**—Transfers between funds that are not expected to be repaid for any other type, such as capital lease transactions, sale of fixed assets, debt extinguishments, long term debt proceeds, and the like) are accounted for as other financing sources (uses). These other financing sources are recognized at the time the underlying events occur.

**Deferred Revenues**—The PHA reports deferred revenue on its combined balance sheet. Deferred revenues arise when resources are received by the PHA before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the PHA has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

## **E. BUDGETS**

The following summarizes the budget activities of the PHA during the fiscal year:

1. The PHA adopted budgets for the General Fund, the Special Revenue Fund and the Capital Projects Funds. The Capital Projects Funds budget comparison to actual has not been included since the cash project is a multiple year endeavor.
2. The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.
3. Encumbrances are not recognized within the accounting records for budgetary purposes.
4. Formal budget integration (within the accounting records) is employed as a management control device.
5. The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function. However, when actual revenues within a fund fail to meet budgeted revenues by 5% or more, a budget amendment is adopted by the PHA in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

## **F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

#### **G. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agents. Under state law, the PHA may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana Law and national banks having their principal offices in Louisiana.

#### **H. SHORT TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short term interfund loans are classified as interfund receivables/payables.

#### **I. INVENTORY**

All purchased inventory items are valued at the lower of cost (first in, first out) or market. Purchased inventories are offset by a fund balance reserve which indicates that these do not constitute "available spendable resources", even though they are a component of total assets.

Acquisition of materials and supplies are accounted for on the purchase method, that is, the expenditure is charged when the items are purchased.

#### **J. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related costs are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Depreciation has not been provided on general fixed assets.

#### **K. COMPENSATED ABSENCES**

The PHA follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long term obligations account group. Leave benefits are based on accrued leave benefits or employees with 10 years service to a maximum of 25 days at their current annual salary.

#### L. LONG TERM OBLIGATIONS

Long term obligations expected to be financed from governmental funds are reported in the general long term obligations account group. Expenditures for principal and interest payments for long term obligations are recognized in the governmental funds when due.

#### M. FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

#### N. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

#### O. TOTAL COLUMNS ON COMBINED STATEMENTS

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### NOTE 2 - CASH AND CASH EQUIVALENTS

At September 30, 1997, the PBA has cash and cash equivalents totaling \$145,257.30 as follows:

Noninterest Bearing Demand Deposits	\$26,364.99
Interest Bearing Demand Deposits	47,892.67
Time Deposits	70,717.17
Post Cash	200.00
Cash With Fiscal Agent	62.47
Total	\$ 145,257.30

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As September 30, 1997, the PMA has \$145,037.30 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$125,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledger securities are considered uncollateralized (Category 5) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified by the PMA that the fiscal agent has failed to pay deposited funds on demand.

#### NOTE 3—RECEIVABLES

The receivables of \$105,045.38 at September 30, 1997 are as follows:

Local Sources:	
Tombas	0.00
Other	0.00
Federal Sources:	
Due From HUD	105,045.38
Total	105,045.38

#### NOTE 4—FIXED ASSETS

The changes in general fixed assets are as follows:

##### LAND, STRUCTURES, AND EQUIPMENT

Land, Structures and Equipment	
Balance 9-30-96 and 9-30-97	3,634,870.23
CIAP 909-93	
Balance 9-30-96	138,532.77
Net Additions	110,258.57
Balance 9-30-97	248,791.34
Total	3,903,661.57

Fixed assets are mortgaged to HUD pursuant to the Annual Contributions Contract as collateral for obligations owed to the US Government. The building cost includes PHVA of ineligible expenditures as determined by HUD.

#### **NOTE 5--RETIREMENT SYSTEM**

The PHA participates in the Floating Renewal and Local Agency Retirement Plan which is a defined contribution plan. Through this plan, the PHA provides pension benefits for all of its full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular and full time employees are eligible to participate in the plan on the first day of the month after completing 6 months of continuous an uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 6% of each participant's basic compensation. The PHA's contribution for each employee and income allocated to the employee's account are fully vested after 5 years of continuous service. The PHA's contributions and interest forfeited by employees who leave employment before 5 years of service are used to offset future contributions of the PHA.

The PHA's total payroll for fiscal year ended September 30, 1997 was \$48,909.23. The PHA's contributions were calculated using the base salary amount of \$48,909.23. Both the PHA and the covered employees made the required contributions for the year ended September 30, 1997. Employee contributions to the plan totaled \$2,934.35. The PHA contributions totaled \$3,912.73 for the year ended September 30, 1997.

#### **NOTE 6--ACCOUNTS PAYABLE**

The payables of \$13,012.50 at September 30, 1997 are as follows:

Vendors	156.00
Due to Other Governments	
Payment in Lieu	
of Taxes	12,310.34
Other	533.96
Total	13,012.50

#### **NOTE 7--COMPENSATED ABSENCES**

At September 30, 1997, employees of the PHA have accumulated and vested \$536.58 of employee leave benefits, which was computed in accordance with GASB Codification Section 68. This amount is not expected to be paid from current available resources; therefore the liability is recorded within general long term obligations account group.

**NOTE 8—CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS**

Tenant Security Deposits	
Balance 9-30-96	6,084.00
Net Additions	681.00
Balance 9-30-97	6,765.00

**NOTE 9—CHANGES IN GENERAL LONG TERM OBLIGATIONS**

The following is a summary of the long term obligation transactions of the year ended September 30, 1997:

Compensated Absences:	
Balance 9-30-96	Not Available
Balance 9-30-97	536.58
Federal Financing Bonds:	
Balance 9-30-96	753,258.95
Adjustment	20,251.15
Balance 9-30-97	773,509.10
Series A Notes:	
Balance 9-30-96	305,712.61
Retirements	11,990.61
Balance 9-30-97	317,703.02
Total Notes and Bonds	1,091,209.12

In a GAAP departure, the PHA does not have future maturities and interest rates available on it's debt. I do not consider this material since HUD services the debt directly with the fiscal agent. The PHA neither receives nor disburses any debt service. Also, the PHA did not record any debt service this fiscal year. HUD did not send a Transmittal of Funds to the Fiscal Agent and Notice of Annual Contributions. I placed a call to HUD to secure this information but received no reply.

All principal and interest requirements are funded in accordance with Federal law by the annual contributions from the US Department of HUD. As September 30, 1997, the PHA has accumulated \$105,107.83 in the debt service funds for future debt requirements.

**NOTE 10--INTERFUND ASSETS/LIABILITIES**

Interfund receivables/payables at September 30, 1997 is as follows:

	Due From	Due To
General Fund		10,711.99
Special Revenue Fund		
Capital Project Funds	10,711.99	

**NOTE 11--COMMITMENTS AND CONTINGENCIES**

There are certain major construction projects at September 30, 1997. As approved by HUD these projects are being funded by HUD. Funds are requested periodically as the cost is incurred. Costs incurred on these projects and estimated cost to complete these projects totaled \$248,791.54 and \$38,308.66 as of September 30, 1997.

The PHA participates in a number of state and federally assisted grant programs. Although the current grant programs have been audited in accordance with the Single Audit Act of 1994 through September 30, 1997, these programs are still subject to compliance audits. PHA management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Reading Materials of the Year of 2011

TABLE 1

IN THOUSANDS OF DOLLARS  
 THE FIVE YEAR PERIOD OF FINANCIAL STATEMENTS ARE SUBJECT TO THE SAME  
 AUDIT PROCEDURES FOR THE SAME PERIOD OF TIME

	2011	2010	2009
	(\$)	(\$)	(\$)
<b>REVENUE</b>			
Net Sales			
Net Sales - International	4,721,491	48,728,441	27,184,422
Net Sales	<u>4,721,491</u>	<u>48,728,441</u>	<u>27,184,422</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales			
Cost of Sales - International	1,211	121,288,027	121,288,027
Cost of Sales	<u>1,211</u>	<u>121,288,027</u>	<u>121,288,027</u>
Net Operating Profit	4,720,280	48,607,153	27,063,395
Net Interest Income	4,720,280	48,607,153	27,063,395
Net Income	4,720,280	48,607,153	27,063,395
Net Income	<u>4,720,280</u>	<u>48,607,153</u>	<u>27,063,395</u>

See notes to financial statements and management letter

Housing Authority of Oil City  
 Town of Oil City, La.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended 9-30-97

SCHEDULE II

FEDERAL AGENCY:	CFDA NO.	Federal Award Expenditures
U S Department of Housing and Urban Development Direct Programs:		
Low Income Housing:		
Operating Subsidy		46,327.00
Leased		0.00
Development		0.00
Total Low Income H	14.888	46,327.00
Section 8 Cluster:		
Vouchers	14.888	
Certificates	14.887	
Moderate Rehabilitation	14.888	
New Construction	14.182	
Substantial Rehabili	14.182	
Total Section 8 Cluster		0.00
Comprehensive Grants	14.888	0.00
CTAP	14.852	510,559.00
Public Housing Drug Elimination Programs:		
PHDEP		
Youth Sports		
Total PHDEP	14.884	
Shelter + Care	14.238	
HOME	14.888	
HOME	14.238	
Child Care Food Progra	10.888	
<b>TOTAL FEDERAL EXPENDITURES</b>		<b>198,886.00</b>

\*\*\*\*\*

NOTE: This schedule of expenditures of federal awards is prepared on the HUD regulatory basis of accounting, which is an other comprehensive basis of accounting. As of 9-30-97, HUD has guaranteed \$1,001,305.12 in PWA Notes and Bonds.

see notes to financial statements

Housing Authority of the Town of Oil City  
oil city, Louisiana 70061  
BALANCE SHEET -- STATUTORY BASIS  
Annual Contributions Contract FW-1382  
as of the Year Ended September 30, 1997

SCHEDULE III

ASSETS

Cash	225,497.14
Investments	118,408.84
accounts receivable	0.00
Debt Amortization Funds	105,107.85
Deferred Charges	7,867.00
Land, structures and Equipment	3,901,661.57
	<u>4,168,541.40</u>
TOTAL ASSETS	<u>\$4,161,843.40</u>

LIABILITIES AND SURPLUS

LIABILITIES:	
Accounts Payable	7,433.78
Notes Payable	0.00
accrued liabilities	12,330.84
Deferred Credits	23.28
Fixed Liabilities	1,094,388.12
	<u>1,114,175.82</u>
TOTAL LIABILITIES	1,114,175.82
surplus	3,047,667.58
	<u>4,161,843.40</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$4,161,843.40</u>

see notes to the financial statements and management letter



Housing Authority of the Town of Oil City  
 Oil City, Louisiana 71081  
 ANALYSIS OF SURPLUS -- STATUTORY BASIS  
 For the Year Ended September 30, 1997

SCHEDULE V

	ANNUAL CONTRIBUTION CONTRACT FW-1361
Unreserved Surpl Balance Per PMA September 30, 1996	(2,079,072.83)
Deficit for the Year Ended 9-30-97	59,903.13
Provision for Operating Reserve	(33,889.38)
Balance September 30, 1997	(2,052,949.15)
Reserved Surplus--operating Reserve Balance Per PMA, September 30, 1996	109,149.42
Provision for Operating Reserve	33,889.38
Balance September 30, 1997	143,038.77
Cumulative HUD Annual Contributions Balance 9-30-96	4,910,364.82
Annual Contribution Required for 1997	109,849.38
Operating Subsidy For 9-30-97	46,137.08
Contributions for Modernization Activities	107,194.08
Adjustments Recorded	(109,749.92)
Balance 9-30-97	4,954,801.16
Total Surplus 9-30-97	3,850,860.78

see notes to the financial statements and management letter

Housing Authority of the Town of Orl City  
Orl City, Louisiana 70061

SCHEDULE VI

PWA's Statement and Certification of Actual Modernization Costs  
COMPLETED PROJECT LA88P10890094  
Annual Contributions contract PW-1282  
AS of September 30, 1987

1. The actual modernization costs of the project are as follows:

	PROJECT LA88P10890094
Funds Approved	\$330,000.00
Funds Expended	330,000.00
Excess of Funds Approved	0.00

FUNDS ADVANCED

HUD	330,000.00
Funds Expended	330,000.00
Excess of Funds Advanced	0.00

1. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated 9-30-84 accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PWA's records.

2. All modernization costs have been paid and all related liabilities have been discharged through payment.

see notes to financial statements and management letter

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CHECK # 001 001

**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  
BOULDER AUTHORITY OF THE TOWN OF OIL CITY  
OIL CITY, LOUISIANA 70061**

I have audited the financial statements of the Housing Authority of The Town of Oil City (HHA), as of and for the year ended September 30, 1987, and have issued my report thereon dated December 31, 1987. 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 HHA'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 these 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 PCA'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 for NED. However, this report is a matter of public record and its distribution is not limited.

December 11, 1997

  
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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

WILLIAM DANIEL MCCASKILL, CPA  
A CERTIFIED PUBLIC ACCOUNTANT

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

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE TOWN OF OIL CITY  
OIL CITY, LOUISIANA 71061

Compliance

I have audited the compliance of the Housing Authority of The Town of Oil City (PMA) 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, 1997. The PMA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the PMA's management. My responsibility is to express an opinion on the PMA'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 described 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 PMA's compliance with those requirements and performing such other procedures as we 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 as to the PMA's compliance with those requirements.

In my opinion, the FMA 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, 1987.

Internal Control Over Compliance

The management of the FMA 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 FMA'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 GAO Circular A-113.

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 HUD. However, this report is a matter of public record and its distribution is not limited.

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William Daniel McCaskill, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION

December 11, 1987

THE HOUSING AUTHORITY OF THE TOWN OF OIL CITY  
OIL CITY, LOUISIANA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

The following is a list of prior audit findings that have been corrected:

90-1 The prior auditor detected inadequacies in tenant files. While I consider the tenant files to not be in perfect condition, I consider them to be adequate. I did point out some things the PHA may do to improve them. This finding is cleared.

THE HOUSING AUTHORITY OF THE TOWN OF OIL CITY  
OIL CITY, LOUISIANA

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Par A-133, Section 309(d)

I. Summary Schedule of Auditors Results:

- i. The report includes an unqualified opinion on the financial statements.
- ii. There were no reportable conditions in internal controls found required to be disclosed at the financial statement level.
- iii. The audit disclosed no noncompliance which is material to the financial statements.
- iv. No reportable conditions in internal control over major programs, as required by A-133, were disclosed by the audit.
- v. The compliance report issued for major programs was unqualified.
- vi. The report disclosed no audit findings required to be reported under Section 309a of A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

CFDA #	Name of Program
14.899	Low Income Housing
14.852	Comprehensive Improvement Assistance Program

Please note that, per the Single Audit Act of 1996, the PMA did not have an audit requirement. The PMA chose to have a Single Audit including the above 2 programs audited as major programs. The PMA paid for the audit out of non-Federal funds. The reporting package is not being forwarded to the Federal Audit Clearinghouse.

- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$280,000.00.
- ix. The auditee was not considered a low risk auditee.

2. Findings relating to the financial statements required to be reported with GASAS are as follows:

None

3. Findings and questioned costs for Federal awards as defined in A-133, Section 510a, all with HUD copyright:

None

THE HOUSING AUTHORITY OF THE TOWN OF OIL CITY  
OIL CITY, LOUISIANA

**CONNECTIVE ACTION PLAN**

Not Applicable

THE HOUSING AUTHORITY OF THE TOWN OF OIL CITY  
OIL CITY, LOUISIANA

MANAGEMENT LETTER

In testing PHRAP per the compliance supplement, I noted that some indicators were incorrectly calculated. They were #1, Component 2 e and f; #4, Component 2 b; and possibly # 4. The PHA was to submit a corrected PHRAP report. It appears that changing the indicators will not materially effect the overall score. I suggest that the PHA send staff to PHRAP training scheduled in March 1988.

Per the Single Audit Act of 1996, the PHA did not have an audit requirement. The PHA chose to have a Single Audit and to have both of their programs audited as major programs. The PHA paid for the audit out of non Federal funds. The reporting package is not being forwarded to the Federal Audit Clearinghouse.