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HOUSING AUTHORITY OF THE CITY OF FARMERVILLE

FARMERVILLE, LOUISIANA

September 30, 1998

THREE YEAR AUDIT REPORT

Jean Sickels

Certified Public Accountant

870 Cinderella Court
Decatur, GA 30033
(404)297-9881

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.

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Release Date JUN 30 1999

HOUSING AUTHORITY
OF THE CITY OF
FARMERVILLE

Farmerville, Louisiana
September 30, 1998

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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 balance sheet of the Housing Authority of the City of Farmerville, as of September 30, 1998 and the related statements of revenues, expenditures, and changes in fund balance for the three years then ended. 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 **Government Auditing Standards**. 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, 1998 and the results of its operations for the three years then ended in conformity with generally accepted accounting principles.

In accordance with **Government Auditing Standards**, I have also issued my report dated May 6, 1999 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying financial information listed as supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. As described in Note A, this supplemental information was prepared in conformity with the accounting practices prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. Such

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in conformity with the comprehensive basis of accounting described in Note A.


Certified Public Accountant

Decatur, Georgia
May 6, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana
 September 30, 1998

Combined Balance Sheet - All Fund Types and Account Groups

	Governmental Fund Types			Account Groups		Totals (Memorandum Only)
	General	Debt Service	0.00 \$	General Fixed Assets	Long-term Debt	
ASSETS						
Cash	\$ 23,857.63	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	23,857.63
Accounts receivable	22,195.00	0.00	0.00	0.00	0.00	22,195.00
Investments	27,180.72	0.00	0.00	0.00	0.00	27,180.72
Debt amortization funds	0.00	67,645.62	0.00	0.00	0.00	67,645.62
Prepaid expenses	2,994.50	0.00	0.00	0.00	0.00	2,994.50
Restricted Assets - Security Deposits	1,650.00	0.00	0.00	0.00	0.00	1,650.00
Fixed assets	0.00	0.00	1,094,030.55	0.00	0.00	1,094,030.55
Amount available for retirement of general long-term debt	0.00	0.00	0.00	0.00	67,645.62	67,645.62
Amount to be provided for retirement of general long-term debt	0.00	0.00	0.00	0.00	267,063.55	267,063.55
TOTAL ASSETS	77,877.85	67,645.62	1,094,030.55	0.00	334,709.17	1,574,263.19
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	5,745.40	0.00	0.00	0.00	0.00	5,745.40
Accrued liabilities	8,321.56	0.00	0.00	0.00	0.00	8,321.56
Payable form restricted assets:						
Tenants Security deposits	1,650.00	0.00	0.00	0.00	0.00	1,650.00
New Housing Authority bonds payable	0.00	0.00	0.00	258,336.23	258,336.23	258,336.23
FFB notes payable	0.00	0.00	0.00	76,372.94	76,372.94	76,372.94
TOTAL LIABILITIES	15,716.96	0.00	0.00	0.00	334,709.17	350,426.13
Fund Equity:						
Investment in general fixed assets	0.00	0.00	1,094,030.55	0.00	0.00	1,094,030.55
Reserved	0.00	67,645.62	0.00	0.00	0.00	67,645.62
Unreserved	62,160.89	0.00	0.00	0.00	0.00	62,160.89
TOTAL FUND EQUITY	62,160.89	67,645.62	1,094,030.55	0.00	0.00	1,223,837.06
TOTAL LIABILITIES AND FUND EQUITY	\$ 77,877.85	\$ 67,645.62	\$ 1,094,030.55	\$ 0.00	\$ 334,709.17	\$ 1,574,263.19

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana
 September 30, 1998

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
 All Governmental Fund Types

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt	Service	
REVENUES				
Rental income	\$ 54,331.00	\$ 0.00	\$ 0.00	54,331.00
Intergovernmental	25,398.00	67,340.34		92,738.34
Interest	1,005.56	0.00		1,005.56
Other	3,392.98	0.00		3,392.98
TOTAL REVENUE	84,127.54	67,340.34		151,467.88
EXPENDITURES				
Administration	20,452.13	0.00		20,452.13
Tenant services	0.00	0.00		0.00
Utilities	2,741.89	0.00		2,741.89
Ordinary maintenance and operation	37,785.68	0.00		37,785.68
General	14,654.53	0.00		14,654.53
Non routine maintenance	0.00	0.00		0.00
Purchase of fixed assets	6,606.78	0.00		6,606.78
Capital expenditures	0.00	0.00		0.00
Prior period adjustments	(5,292.28)	0.00		(5,292.28)
Debt Service:				
Interest	0.00	24,288.77		24,288.77
Principle	0.00	43,054.32		43,054.32
TOTAL EXPENDITURES	76,948.73	67,343.09		144,291.82
EXCESS / (DEFICIENCY) OF FUNDS				
AVAILABLE OVER EXPENDITURES	7,178.81	(2.75)		7,176.06
Fund Balance (Deficit) - October 1, 1997	54,982.08	57,648.37		122,630.45
Fund Balance (Deficit) - September 30, 1998	\$ 52,150.89	\$ 57,645.62		\$ 129,806.51

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana
 September 30, 1997

Combined Balance Sheet - All Fund types and Account Groups

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)
	General	Debt Service	General Fixed Assets	Long-term Debt	
ASSETS					
Cash	\$ 39,007.13	\$ 0.00	\$ 0.00	\$ 0.00	\$ 39,007.13
Accounts receivable	3,081.00	0.00	0.00	0.00	3,081.00
Investments	22,208.44	0.00	0.00	0.00	22,208.44
Debt amortization funds	0.00	67,648.37	0.00	0.00	67,648.37
Prepaid expenses	4,119.16	0.00	0.00	0.00	4,119.16
Restricted Assets - Security Deposits	1,330.00	0.00	0.00	0.00	1,330.00
Fixed assets	0.00	0.00	1,087,423.77	0.00	1,087,423.77
Amount available for retirement of general long-term debt	0.00	0.00	0.00	67,648.37	67,648.37
Amount to be provided for retirement of general long-term debt	0.00	0.00	0.00	287,741.25	287,741.25
TOTAL ASSETS	69,745.73	67,648.37	1,087,423.77	355,389.62	1,580,207.49

LIABILITIES AND FUND EQUITY

Liabilities:					
Accounts payable	5,401.00	0.00	0.00	0.00	5,401.00
Accrued liabilities	8,032.65	0.00	0.00	0.00	8,032.65
Payable form restricted assets:					
Tenants Security deposits	1,330.00	0.00	0.00	0.00	1,330.00
New Housing Authority bonds payable	0.00	0.00	0.00	256,642.81	256,642.81
FFB notes payable	0.00	0.00	0.00	98,746.81	98,746.81
TOTAL LIABILITIES	14,763.65	0.00	0.00	355,389.62	370,153.27
Fund Equity:					
Investment in general fixed assets	0.00	0.00	1,087,423.77	0.00	1,087,423.77
Reserved	0.00	67,648.37	0.00	0.00	67,648.37
Unreserved	54,982.08	0.00	0.00	0.00	54,982.08
TOTAL FUND EQUITY	54,982.08	67,648.37	1,087,423.77	0.00	1,210,054.22
TOTAL LIABILITIES AND FUND EQUITY	\$ 69,745.73	\$ 67,648.37	\$ 1,087,423.77	\$ 355,389.62	\$ 1,580,207.49

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana
 September 30, 1997

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
 All Governmental Fund Types

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt Service		
REVENUES				
Rental income	\$ 44,504.00	\$ 0.00	\$ 0.00	44,504.00
Intergovernmental	21,261.00	67,340.34		88,601.34
Interest	1,133.89	0.00		1,133.89
Other	2,079.50	0.00		2,079.50
TOTAL REVENUE	68,978.39	67,340.34		136,318.73
EXPENDITURES				
Administration	21,936.40	0.00		21,936.40
Tenant services	0.00	0.00		0.00
Utilities	1,232.24	0.00		1,232.24
Ordinary maintenance and operation	31,379.53	0.00		31,379.53
General	19,931.36	0.00		19,931.36
Non routine maintenance	0.00	0.00		0.00
Purchase of fixed assets	4,969.85	0.00		4,969.85
Capital expenditures	0.00	0.00		0.00
Prior period adjustments	0.00	0.00		0.00
Debt Service:				
Interest	0.00	26,678.52		26,678.52
Principle	0.00	40,652.11		40,652.11
TOTAL EXPENDITURES	79,449.38	67,330.63		146,780.01
EXCESS / (DEFICIENCY OF FUNDS AVAILABLE OVER EXPENDITURES	(10,470.99)	9.71		(10,461.28)
Fund Balance (Deficit) - October 1, 1996	65,453.07	67,638.66		133,091.73
Fund Balance (Deficit) - September 30, 1997	\$ 54,982.08	\$ 67,648.37		\$ 122,630.45

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana
 September 30, 1996

Combined Balance Sheet - All Fund Types and Account Groups

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)
	General	Debt Service	General Fixed Assets	Long-term Debt	
ASSETS					
Cash	\$ 41,748.96	\$ 0.00	\$ 0.00	\$ 0.00	41,748.96
Accounts receivable	5,552.00	0.00	0.00	0.00	5,552.00
Investments	21,928.44	0.00	0.00	0.00	21,928.44
Debt amortization funds	0.00	67,638.66	0.00	0.00	67,638.66
Prepaid expenses	4,449.76	0.00	0.00	0.00	4,449.76
Restricted Assets - Security Deposits	1,610.00	0.00	0.00	0.00	1,610.00
Fixed assets	0.00	0.00	1,082,453.92	0.00	1,082,453.92
Amount available for retirement of general long-term debt	0.00	0.00	0.00	67,638.66	67,638.66
Amount to be provided for retirement of general long-term debt	0.00	0.00	0.00	307,434.76	307,434.76
TOTAL ASSETS	75,289.16	67,638.66	1,082,453.92	375,073.42	1,600,455.16

LIABILITIES AND FUND EQUITY

Liabilities:					
Accounts payable	111.18	0.00	0.00	0.00	111.18
Accrued liabilities	8,114.91	0.00	0.00	0.00	8,114.91
Payable form restricted assets:					
Tenants Security deposits	1,610.00	0.00	0.00	0.00	1,610.00
New Housing Authority bonds payable	0.00	0.00	0.00	255,358.30	255,358.30
FFB notes payable	0.00	0.00	0.00	119,715.12	119,715.12
TOTAL LIABILITIES	9,836.09	0.00	0.00	375,073.42	384,909.51
Fund Equity:					
Investment in general fixed assets	0.00	0.00	1,082,453.92	0.00	1,082,453.92
Reserved	0.00	67,638.66	0.00	0.00	67,638.66
Unreserved	65,453.07	0.00	0.00	0.00	65,453.07
TOTAL FUND EQUITY	65,453.07	67,638.66	1,082,453.92	0.00	1,215,545.65
TOTAL LIABILITIES AND FUND EQUITY	\$ 75,289.16	\$ 67,638.66	\$ 1,082,453.92	\$ 375,073.42	\$ 1,600,455.16

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana
 September 30, 1996

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
 All Governmental Fund Types

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt	Service	
REVENUES				
Rental income	\$ 45,454.00	\$ 0.00	\$ 0.00	45,454.00
Intergovernmental	28,195.00	67,340.34		95,535.34
Interest	1,332.27	0.00		1,332.27
Other	2,432.00	0.00		2,432.00
TOTAL REVENUE	77,413.27	67,340.34		144,753.61
EXPENDITURES				
Administration	18,444.81	0.00		18,444.81
Tenant services	0.00	0.00		0.00
Utilities	1,359.64	0.00		1,359.64
Ordinary maintenance and operation	27,181.25	0.00		27,181.25
General	20,003.76	0.00		20,003.76
Non routine maintenance	0.00	0.00		0.00
Purchase of fixed assets	6,880.09	0.00		6,880.09
Capital expenditures	0.00	0.00		0.00
Prior period adjustments	2,067.95	0.00		2,067.95
Debt Service:				
Interest	0.00	28,897.01		28,897.01
Principle	0.00	38,502.13		38,502.13
TOTAL EXPENDITURES	75,937.50	67,399.14		143,336.64
EXCESS / (DEFICIENCY) OF FUNDS				
AVAILABLE OVER EXPENDITURES	1,475.77	(58.80)		1,416.97
Fund Balance (Deficit) - October 1, 1995	63,977.30	67,697.46		131,674.76
Fund Balance (Deficit) - September 30, 1996	\$ 65,453.07	\$ 67,638.66		\$ 133,091.73

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, 1998

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 contracts with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a public housing programs (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 Low-Income Public Housing Annual Contributions Contract FW-1218.

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 and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are grouped in the financial statements into one fund type, one broad fund category and two account groups as follows:

Governmental funds:

General fund - This fund is used to account for the general operating fund of the Authority and to account for all financial resources except those required to be accounted for in another fund. This general revenue fund is used to account for the Low Income Public Housing Program. All restrictions to fund balances are disclosed in the face of the balance sheet and are comprised of deposits held by the Authority for the benefit of the tenants.

Debt service fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. This debt service fund is used to account for debt payments to the Department of Housing and Urban Development.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998
(Continued)

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

Account groups:

General fixed assets account group - This group accounts for all fixed assets of the Authority. No depreciation has been recorded on general fixed assets.

General long-term debt account group - This account group presents the balance of Housing Authority bonds, project notes payable, and the estimated liability for compensated absences expected to be financed from governmental funds.

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.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for all Governmental Funds. Accordingly, revenues are recognized when measurable and available and expenditures when the liability is 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 Fund Balance - 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 actual. The Housing Authority Board takes monthly action as required to write off specific uncollectible accounts receivable balances.

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

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998
(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 General Long-Term Debt Account Group.

Total columns - The columns on the accompanying financial statements captioned "Totals - (Memorandum Only)" are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. The columns do not represent consolidated financial information.

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 and the Federal agencies, with is another comprehensive basis of accounting, since the majority of its assets are aided by these programs. Under this basis of accounting, the public housing operations are not considered to be self-sustaining activities.

HUD requires all public housing authorities receiving federal assistance to submit several financial reports prepared on a basis of accounting prescribed by HUD. This basis of accounting differs from GAAP as follows:

- a. Depreciation expense is not charged against the fixed assets of the Authority.
- b. Premiums and discounts on the sale of bonds and notes are recognized as income or expense at the time of issue.
- c. Accrued annual vacation is recognized as an expense in the period of payment, not the period in which it is earned.
- d. A surplus is computed for each fund rather than fund equity. The surplus of the Housing Authority Of The City Of Farmerville at September 30, 1998 consisted of the following:
 - i.) Unreserved Surplus: The amount of surplus or deficit derived from operations, less any amount of surplus which is reserved.
 - ii.) Reserved Surplus: The amount reserved to cover future operating deficits. This account is increased annually by the amount of any surplus in residual receipts, to the extent a balance remains in the account. Residual receipts represent the difference between operating subsidy, and operating expenditures, which exclude interest expense on debt.
 - iii.) Cumulative HUD Annual Contributions: the cumulative contributions made by HUD, for operating subsidies and payments of debt service under the terms of the annual contributions contract.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998
(Continued)

NOTE B - Accounts Receivable:

Accounts receivable at September 30, 1998 consist of the following:

Tenants accounts receivable \$22,195.00

Receivables for rentals and service charges are reported in the General Fund at actual. The Housing Authority Board takes monthly action as required to write off specific uncollectible accounts receivable balances.

NOTE C - Investments:

Investments at September 30, 1998 consist of the following:

General Fund accounts \$ 28,830.72
Less security deposits (1,650.00)

Total investments \$ 27,180.72

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 - Debt Amortization Funds:

Debt amortization funds represent amounts on hand with paying agents, the current contributions due from HUD for the payment of interest on and the retirement of bonds and notes issued to finance the projects, and investments of funds by paying agents plus interest earned thereon.

At September 30, 1998, debt amortization funds consisted of the following:

Debt Service Fund \$ 29.03
Deposits with HUD 276.25
Accruing annual contribution 67,340.34
\$ 67,645.62

NOTE E - Prepaid Expenses:

Prepaid expenses at September 30, 1998 consist of the following:

Prepaid Insurance \$ 2,994.50

Prepaid Insurance expenditures are reported in the period benefited.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 1998
(Continued)

NOTE F - Fixed Assets:

General Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance September 30, 1995	<u>Additions</u>	<u>Retirements</u>	Balance September 30, 1998
Land and Buildings	\$ 688,971.87	\$ 0.00	\$ 0.00	\$ 688,971.87
Equipment and Improvements	<u>386,601.96</u>	<u>18,456.72</u>	<u>0.00</u>	<u>405,058.68</u>
	<u>\$ 1,075,573.83</u>	<u>\$ 18,456.72</u>	<u>\$ 0.00</u>	<u>\$1,094,030.55</u>

NOTE G - Accounts Payable:

Accounts payable at September 30, 1998 consist of the following:

Payroll liabilities	<u>\$ 5,745.40</u>
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NOTE H - Accrued Liabilities:

Accrued liabilities at September 30, 1998, consist of the following:

Payment in lieu of taxes	<u>\$ 8,321.56</u>
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NOTE I - Fixed Liabilities:

Capital facilities are financed by debt which is guaranteed and subsidized by Federal government agencies. This debt consists of the following:

Bonds Payable:

Fixed liabilities of \$258,336.23 at September 30, 1998, for the low-income Public Housing Program consist of new housing authority bonds issued in the amount of \$669,000.00 during the prior audit periods and new housing authority bonds retired in the amount of \$410,663.77, with annual bond principal reduction contribution approximating \$22,000.00 over the next five years. Interest is payable semi-annually on February 1 and August 1 of each year.

Loans Payable to Federal Financing Bank:

The Authority sold project notes to the Federal Financing Bank. These notes are to be repaid on a long-term basis through subsidies by the Federal government with annual principal reduction contribution approximating 24,000 per year. At March 31, 1998 the Authority's loans payable to the Federal Financing Bank are \$76,372.94.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 1998
(Continued)

NOTE I - Fixed Liabilities: (Continued)

During the three years ended September 30, 1998, the following changes occurred in the General Long-Term Debt Account Group:

	Balance at September 30, 1995	Add- itions	Retirements	Balance at September 30, 1998
Bonds Payable	\$ 393,885.15	\$ 0.00	\$(135,548.92)	\$ 258,336.23
FFB Notes	<u>139,405.52</u>	<u>0.00</u>	<u>(63,032.58)</u>	<u>76,372.94</u>
	<u>\$ 533,290.67</u>	<u>\$ 0.00</u>	<u>\$(198,581.50)</u>	<u>\$ 334,709.17</u>

The authority is not contingently liable for accumulated unpaid vacation pay and sick days because their employees are part time.

NOTE J - Annual Contributions by Federal Agencies:

Annual Contributions Contract FW-1218 - Pursuant to the Annual Contributions Contract, HUD makes annual debt service contributions to the Authority for each permanently financed project in an amount equal to the debt service on the bonds, plus, if necessary, an amount to fully amortize the Authority's indebtedness represented by permanent notes or project notes. Accrued HUD contributions for the year ended September 30, 1998 were \$67,340.34 for public housing.

HUD also contributes an additional operating subsidy approved in the operating budget under the Annual Contributions Contract. Additional operating subsidy contributions for the year ended September 30, 1998 were \$25,398.00 for public housing.

NOTE K - Pension Plan:

The Authority provides pension benefits for all its full-time employees through a defined contribution plan (Money Purchase Pension Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The Authority contributes an amount equal to 7.0% of the employee's base salary each month while the employees must contribute 5.5%. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Authority's current-period contribution requirement.

The Authority's total payroll in fiscal year 1998 was \$26,130.51. The Authority's contributions were calculated using the base salary amount of \$26,130.51. Both the Authority and the covered employees made the required contributions, amounting to \$1,829.14 from the Authority and \$1,437.18 from the employees.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 1998
(Continued)

NOTE L - 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, 1998. 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 M - 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 N - 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.

NOTE O - 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. Programs audited as major programs are indicated on the Schedule of Expenditures of Federal Awards.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

BALANCE SHEET
September 30, 1998

		Annual Contributions Contract FW-1218 Low-Income Public Housing
ASSETS		
Cash	\$	23,857.63
Accounts receivable		22,195.00
Investments		28,830.72
Debt amortization funds		67,645.62
Deferred charges		2,994.50
Land, structure and equipment		1,094,030.55
TOTAL ASSETS	\$	1,239,554.02
LIABILITIES AND SURPLUS		
Accounts payable	\$	7,395.40
Accrued liabilities		8,321.56
Fixed liabilities		411,082.11
TOTAL LIABILITIES		426,799.07
Surplus - see Statement of Analysis of Surplus		812,754.95
TOTAL LIABILITIES AND SURPLUS	\$	1,239,554.02

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF ANALYSIS OF SURPLUS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

		Annual Contributions Contract FW-1218 Low-Income Public Housing
UNRESERVED SURPLUS:		
Balance at September 30, 1997	\$	(1,205,748.64)
Adjustment to prior period balance		0.00
Adjusted balance at September 30, 1997		(1,205,748.64)
Net loss for the year ended:		
September 30, 1998		(35,901.18)
Provision for operating reserve for the year ended:		
September 30, 1998		(1,886.53)
 BALANCE AT SEPTEMBER 30, 1998		 (1,243,536.35)
RESERVED SURPLUS - OPERATING RESERVE:		
Balance at September 30, 1997		54,982.08
Provision for operating reserve for the year ended:		
September 30, 1998		1,886.53
 BALANCE AT SEPTEMBER 30, 1998		 56,868.61
CUMULATIVE CONTRIBUTIONS:		
Balance at September 30, 1997		1,906,684.35
Accruing annual contributions for the year ended:		
September 30, 1998		67,340.34
Operating subsidy for the year ended:		
September 30, 1998		25,398.00
 BALANCE AT SEPTEMBER 30, 1998		 1,999,422.69
 TOTAL SURPLUS AT SEPTEMBER 30, 1998	 \$	 812,754.95

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 1998

		Annual Contributions Contract FW-1218 Low-Income Public Housing
OPERATING INCOME:		
Total rental income	\$	54,331.00
Interest on General Fund investments		1,005.56
Other income		3,392.98
TOTAL OPERATING INCOME		58,729.54
OPERATING EXPENSES:		
Administrative		20,452.13
Utilities		2,741.89
Ordinary maintenance and operation		37,785.68
General expense		14,654.53
Non routine maintenance		0.00
TOTAL OPERATING EXPENSES		75,634.23
NET OPERATING LOSS		(16,904.69)
OTHER (CHARGES) AND CREDITS:		
Interest on Notes and Bonds Payable		(24,288.77)
Prior year adjustments:		
Affecting residual receipts		5,292.28
Not affecting residual receipts		0.00
Gain / Loss from disposition of real property		0.00
TOTAL OTHER (CHARGES) AND CREDITS		(18,996.49)
NET LOSS	\$	(35,901.18)

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS -
FOR THE YEAR ENDED SEPTEMBER 30, 1998

		Annual Contributions Contract FW-1218 Low-Income Public Housing
COMPUTATION OF RESIDUAL RECEIPTS:		
Net operating loss	\$	(16,904.69)
Capital expenditures		(6,606.78)
Prior year adjustments affecting residual receipts		5,292.28
Operating subsidy		25,398.00
Provision for operating reserve		(1,886.53)
 RESIDUAL RECEIPTS - PER AUDIT		 5,292.28
 Effect of audit adjustments on residual receipts		 (5,292.28)
 RESIDUAL RECEIPTS - PER PHA	 \$	 0.00
COMPUTATION OF ACCRUING ANNUAL CONTRIBUTIONS:		
Fixed annual contributions	\$	67,340.34
Adjustments per Part II of ACC		0.00
 ACCRUING ANNUAL CONTRIBUTIONS	 \$	 67,340.34

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

ANALYSIS OF LAND, STRUCTURES, AND EQUIPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 1998

		Annual Contributions Contract FW-1218 Low-Income Public Housing
Land, Structures and equipment balance at September 30, 1998	\$	1,094,030.55
Land, Structures and equipment balance at September 30, 1997		1,087,423.77
Difference		6,606.78
less:		
Additions to:		
Modernization additions		0.00
Replacement of nonexpendable equipment (account 7520)		(5,356.80)
Betterments and additions (account 7540)		(1,249.98)
		(6,606.78)
Add:		
Receipts from equipment not replaced (account 7530)		0.00
Prior period audit adjustment		0.00
Gain or loss from disposition of nonexpendable equipment (account 6120)		0.00
		0.00
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, 1998

		Annual Contributions Contract FW-1218 Low-Income Public Housing
CASH AND OTHER ASSETS:		
Cash	\$	23,857.63
Accounts receivable		22,195.00
Investments		28,830.72
Deferred charges		2,994.50
Total	\$	77,877.85
 LIABILITIES, RESERVES AND AMOUNTS AVAILABLE FOR CONTRIBUTION REDUCTION:		
Accounts payable	\$	7,395.40
Accrued liabilities		8,321.56
Operating reserve		56,868.61
Prior year adjustments affecting residual receipts		5,292.28
Total	\$	77,877.85

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

ANNUAL CONTRIBUTION CONTRACT	PROGRAM AND ASSISTANCE TYPE	CFDA NUMBER	AMOUNT	BALANCE BEGINNING OF YEAR	SUBSIDIES CONTRIBUTIONS ADVANCES	EXPENDITURES	BALANCE END OF YEAR
	U.S. DEPARTMENT OF HUD						
	Public and Indian Housing	14.850					
FW-1218	Operating Subsidy		\$ 25,398.00	0.00	\$ 25,398.00	\$ 25,398.00	0.00
FW-1218	Accruing Annual Contributions		67,340.34	67,340.34	67,340.34	67,340.34	67,340.34
			92,738.34	67,340.34	92,738.34	92,738.34	67,340.34
	TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 92,738.34	\$ 67,340.34	\$ 92,738.34	\$ 92,738.34	\$ 67,340.34

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

* Indicates a program audited as major

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

BALANCE SHEET
September 30, 1997

Annual
Contributions
Contract
FW-1218
Low-Income
Public Housing

ASSETS

Cash	\$	39,007.13
Accounts receivable		3,081.00
Investments		23,538.44
Debt amortization funds		67,648.37
Deferred charges		4,119.16
Land, structure and equipment		1,087,423.77
TOTAL ASSETS	\$	1,224,817.87

LIABILITIES AND SURPLUS

Accounts payable	\$	6,731.00
Accrued liabilities		8,032.65
Fixed liabilities		454,136.43
TOTAL LIABILITIES		468,900.08
Surplus - see Statement of Analysis of Surplus		755,917.79
TOTAL LIABILITIES AND SURPLUS	\$	1,224,817.87

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF ANALYSIS OF SURPLUS
FOR THE YEAR ENDED SEPTEMBER 30, 1997

		Annual Contributions Contract FW-1218 Low-Income Public Housing
UNRESERVED SURPLUS:		
Balance at September 30, 1996	\$	(1,162,778.97)
Adjustment to prior period balance		0.00
Adjusted balance at September 30, 1996		(1,162,778.97)
Net loss for the year ended:		
September 30, 1997		(53,440.66)
Provision for operating reserve for the year ended:		
September 30, 1997		10,470.99
 BALANCE AT SEPTEMBER 30, 1997		 (1,205,748.64)
RESERVED SURPLUS - OPERATING RESERVE:		
Balance at September 30, 1996		65,453.07
Provision for operating reserve for the year ended:		
September 30, 1997		(10,470.99)
 BALANCE AT SEPTEMBER 30, 1997		 54,982.08
CUMULATIVE CONTRIBUTIONS:		
Balance at September 30, 1996		1,818,083.01
Accruing annual contributions for the year ended:		
September 30, 1997		67,340.34
Operating subsidy for the year ended:		
September 30, 1997		21,261.00
 BALANCE AT SEPTEMBER 30, 1997		 1,906,684.35
 TOTAL SURPLUS AT SEPTEMBER 30, 1997	 \$	 755,917.79

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 1997

		Annual Contributions Contract FW-1218 Low-Income Public Housing
OPERATING INCOME:		
Total rental income	\$	44,504.00
Interest on General Fund investments		1,133.89
Other income		2,079.50
TOTAL OPERATING INCOME		47,717.39
OPERATING EXPENSES:		
Administrative		21,936.40
Utilities		1,232.24
Ordinary maintenance and operation		31,379.53
General expense		19,931.36
Non routine maintenance		0.00
TOTAL OPERATING EXPENSES		74,479.53
NET OPERATING LOSS		(26,762.14)
OTHER (CHARGES) AND CREDITS:		
Interest on Notes and Bonds Payable		(26,678.52)
Prior year adjustments:		
Affecting residual receipts		0.00
Not affecting residual receipts		0.00
Gain / Loss from disposition of real property		0.00
TOTAL OTHER (CHARGES) AND CREDITS		(26,678.52)
NET LOSS	\$	(53,440.66)

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS -
FOR THE YEAR ENDED SEPTEMBER 30, 1997

		Annual Contributions Contract FW-1218 Low-Income Public Housing
COMPUTATION OF RESIDUAL RECEIPTS:		
Net operating loss	\$	(26,762.14)
Capital expenditures		(4,969.85)
Prior year adjustments affecting residual receipts		0.00
Operating subsidy		21,261.00
Provision for operating reserve		10,470.99
 RESIDUAL RECEIPTS - PER AUDIT		 0.00
Effect of audit adjustments on residual receipts		(0.00)
 RESIDUAL RECEIPTS - PER PHA	 \$	 0.00
COMPUTATION OF ACCRUING ANNUAL CONTRIBUTIONS:		
Fixed annual contributions	\$	67,340.34
Adjustments per Part II of ACC		0.00
 ACCRUING ANNUAL CONTRIBUTIONS	 \$	 67,340.34

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

ANALYSIS OF LAND, STRUCTURES, AND EQUIPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 1997

		Annual Contributions Contract FW-1218 Low-Income Public Housing
Land, Structures and equipment balance at September 30, 1997	\$	1,087,423.77
Land, Structures and equipment balance at September 30, 1996		1,082,453.92
Difference		4,969.85
Less:		
Additions to:		
Modernization additions		0.00
Replacement of nonexpendable equipment (account 7520)		(1,379.85)
Betterments and additions (account 7540)		(3,590.00)
		(4,969.85)
Add:		
Receipts from equipment not replaced (account 7530)		0.00
Prior period audit adjustment		0.00
Gain or loss from disposition of nonexpendable equipment (account 6120)		0.00
		0.00
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, 1997

		Annual Contributions Contract FW-1218 Low-Income Public Housing
CASH AND OTHER ASSETS:		
Cash	\$	39,007.13
Accounts receivable		3,081.00
Investments		23,538.44
Deferred charges		4,119.16
Total	\$	69,745.73
LIABILITIES, RESERVES AND AMOUNTS AVAILABLE FOR CONTRIBUTION REDUCTION:		
Accounts payable	\$	6,731.00
Accrued liabilities		8,032.65
Operating reserve		54,982.08
Prior year adjustments affecting residual receipts		0.00
Total	\$	69,745.73

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

ANNUAL CONTRIBUTION CONTRACT	PROGRAM AND ASSISTANCE TYPE	CFDA NUMBER	AMOUNT	BALANCE BEGINNING OF YEAR	SUBSIDIES CONTRIBUTIONS ADVANCES	EXPENDITURES	BALANCE END OF YEAR
	U.S. DEPARTMENT OF HUD						
	Public and Indian Housing	14.850					
FW-1218	Operating Subsidy		\$ 21,261.00	0.00	\$ 21,261.00	21,261.00	0.00
FW-1218	Accruing Annual Contributions		67,340.34	67,340.34	67,340.34	67,340.34	67,340.34
			88,601.34	67,340.34	88,601.34	88,601.34	67,340.34
	TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 88,601.34	\$ 67,340.34	\$ 88,601.34	\$ 88,601.34	\$ 67,340.34

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

* Indicates a program audited as major

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

BALANCE SHEET
September 30, 1996

	Annual Contributions Contract FW-1218 Low-Income Public Housing
ASSETS	
Cash	\$ 41,748.96
Accounts receivable	5,552.00
Investments	23,538.44
Debt amortization funds	67,638.66
Deferred charges	4,449.76
Land, structure and equipment	1,082,453.92
TOTAL ASSETS	\$ 1,225,381.74
LIABILITIES AND SURPLUS	
Accounts payable	\$ 1,721.18
Accrued liabilities	8,114.91
Fixed liabilities	494,788.54
TOTAL LIABILITIES	504,624.63
Surplus - see Statement of Analysis of Surplus	720,757.11
TOTAL LIABILITIES AND SURPLUS	\$ 1,225,381.74

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF ANALYSIS OF SURPLUS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

		Annual Contributions Contract FW-1218 Low-Income Public Housing
UNRESERVED SURPLUS:		
Balance at September 30, 1995	\$	(1,110,499.10)
Adjustment to prior period balance		(2,067.95)
Adjusted balance at September 30, 1995		(1,112,567.05)
Net loss for the year ended:		
September 30, 1996		(46,668.20)
Provision for operating reserve for the year ended:		
September 30, 1996		(3,543.72)
 BALANCE AT SEPTEMBER 30, 1996		 (1,162,778.97)
RESERVED SURPLUS - OPERATING RESERVE:		
Balance at September 30, 1995		61,909.35
Provision for operating reserve for the year ended:		
September 30, 1996		3,543.72
 BALANCE AT SEPTEMBER 30, 1996		 65,453.07
CUMULATIVE CONTRIBUTIONS:		
Balance at September 30, 1995		1,722,547.67
Accruing annual contributions for the year ended:		
September 30, 1996		67,340.34
Operating subsidy for the year ended:		
September 30, 1996		28,195.00
 BALANCE AT SEPTEMBER 30, 1996		 1,818,083.01
 TOTAL SURPLUS AT SEPTEMBER 30, 1996	 \$	 720,757.11

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 1996

		Annual Contributions Contract FW-1218 Low-Income Public Housing
OPERATING INCOME:		
Total rental income	\$	45,454.00
Interest on General Fund investments		1,332.27
Other income		2,432.00
TOTAL OPERATING INCOME		49,218.27
OPERATING EXPENSES:		
Administrative		18,444.81
Utilities		1,359.64
Ordinary maintenance and operation		27,181.25
General expense		20,003.76
Non routine maintenance		0.00
TOTAL OPERATING EXPENSES		66,989.46
NET OPERATING LOSS		(17,771.19)
OTHER (CHARGES) AND CREDITS:		
Interest on Notes and Bonds Payable		(28,897.01)
Prior year adjustments:		
Affecting residual receipts		0.00
Not affecting residual receipts		0.00
Gain / Loss from disposition of real property		0.00
TOTAL OTHER (CHARGES) AND CREDITS		(28,897.01)
NET LOSS	\$	(46,668.20)

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS -
FOR THE YEAR ENDED SEPTEMBER 30, 1996

		Annual Contributions Contract FW-1218 Low-Income Public Housing
COMPUTATION OF RESIDUAL RECEIPTS:		
Net operating loss	\$	(17,771.19)
Capital expenditures		(6,880.09)
Prior year adjustments affecting residual receipts		0.00
Operating subsidy		28,195.00
Provision for operating reserve		(3,543.72)
 RESIDUAL RECEIPTS - PER AUDIT		 (0.00)
 Effect of audit adjustments on residual receipts		 0.00
 RESIDUAL RECEIPTS - PER PHA	\$	 0.00
COMPUTATION OF ACCRUING ANNUAL CONTRIBUTIONS:		
Fixed annual contributions	\$	67,340.34
Adjustments per Part II of ACC		0.00
 ACCRUING ANNUAL CONTRIBUTIONS	\$	 67,340.34

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

ANALYSIS OF LAND, STRUCTURES, AND EQUIPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 1996

		Annual Contributions Contract FW-1218 Low-Income Public Housing
Land, Structures and equipment balance at September 30, 1996	\$	1,082,453.92
Land, Structures and equipment balance at September 30, 1995		1,075,573.83
Difference		6,880.09
less:		
Additions to:		
Modernization additions		0.00
Replacement of nonexpendable equipment (account 7520)		(4,541.10)
Betterments and additions (account 7540)		(2,338.99)
		(6,880.09)
Add:		
Receipts from equipment not replaced (account 7530)		0.00
Prior period audit adjustment		0.00
Gain or loss from disposition of nonexpendable equipment (account 6120)		0.00
		0.00
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, 1996

		Annual Contributions Contract FW-1218 Low-Income Public Housing
CASH AND OTHER ASSETS:		
Cash	\$	41,748.96
Accounts receivable		5,552.00
Investments		23,538.44
Deferred charges		4,449.76
Total	\$	75,289.16
 LIABILITIES, RESERVES AND AMOUNTS AVAILABLE FOR CONTRIBUTION REDUCTION:		
Accounts payable	\$	1,721.18
Accrued liabilities		8,114.91
Operating reserve		65,453.07
Prior year adjustments affecting residual receipts		0.00
Total	\$	75,289.16

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
 Farmerville, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1996

ANNUAL CONTRIBUTION CONTRACT	PROGRAM AND ASSISTANCE TYPE	CFDA NUMBER	AMOUNT	BALANCE BEGINNING OF YEAR	SUBSIDIES		BALANCE END OF YEAR
					CONTRIBUTIONS	ADVANCES	
	U.S. DEPARTMENT OF HUD						
FW-1218	Public and Indian Housing Operating Subsidy	14.850	\$ 28,195.00	0.00	\$ 28,195.00	\$ 28,195.00	0.00
FW-1218	Accruing Annual Contributions		67,340.34	67,340.34	67,340.34	67,340.34	67,340.34
			95,535.34	67,340.34	95,535.34	95,535.34	67,340.34
	TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 95,535.34	\$ 67,340.34	\$ 95,535.34	\$ 95,535.34	\$ 67,340.34

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

* Indicates a program audited as major

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1998

ACTIVITIES OF THE HOUSING AUTHORITY

The Authority had 40 units in management.

<u>Management:</u>	<u>Units</u>
<u>Annual Contributions Contract FW-1218</u>	<u>40</u>

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1998

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

1. An unqualified opinion was issued on the financial statements.
2. There were reportable conditions on internal control and compliance.
3. There were questioned costs.
4. An unqualified opinion was issued on compliance over major programs.
5. The threshold for type A programs is \$300,000.
6. The audited entity did not qualified as low risk.
7. 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, 1995 contained the following audit findings:

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.

CFDA NUMBER: 14.850

CURRENT CONDITION: The Authority continued to file HUD reports late. See the current payroll finding for the condition of payroll tax returns.

CRITERIA: HUD handbook 7475 requires reports to be submitted in a timely manner.

RECOMMENDATION: I recommend the authority institute procedures to insure that required reports are submitted by the due dates.

REPLY: We will comply with the auditor's recommendation.

THIS FINDING CONTINUES.

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.

CFDA NUMBER: 14.850

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1998

STATUS OF PRIOR AUDIT FINDINGS
(CONTINUED)

CURRENT CONDITION: The 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.

CRITERIA: HUD handbook 7465 requires annual maintenance of the tenant files.

RECOMMENDATION: I recommend the authority reexamine all existing residents and maintain proper supporting documentation in the resident's file.

REPLY: We will comply with the auditor's recommendation.

THIS FINDING CONTINUES.

CURRENT AUDIT FINDINGS

The following current audit findings for the three years ending September 30, 1998, were discussed with E. Woodrow Whittington, Jr., Executive Director at a closing conference on May 6, 1999.

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

CRITERIA: Louisiana statutes requires biannual audits.

RECOMMENDATION: I recommend the authority institute procedures to insure that the audits are conducted in a timely fashion.

REPLY: We will comply with the auditor's recommendation.

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

CRITERIA: Low Income Accounting Guidebook 7511 requires a system of internal control sufficient to safeguard assets.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1998

CURRENT AUDIT FINDINGS
(CONTINUED)

RECOMMENDATION: I recommend the authority institute procedures to insure that rent assessed is accurate, and that rent collected is accurately accounted for. I further recommend that the Authority provide a secure place within the office to hold rental collections.

REPLY: We will comply with the auditor's recommendation.

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.

QUESTIONED COSTS: \$374.24

CFDA NUMBER: 14.850

CRITERIA: Low Income Accounting Guidebook 7511 requires a system of internal control sufficient to safeguard assets.

RECOMMENDATION: I recommend the authority institute procedures to insure that cash disbursements are properly supported and that expenditures are allowable federal expenditures that are reasonable for the operation of the authority and in accordance with the approved budget. I recommend that members of the board that sign checks receive a sufficient amount of training on the budgeting procedures, internal controls, and allowable costs.

REPLY: We will comply with the auditor's recommendation.

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.

CFDA NUMBER: 14.850

CRITERIA: Low Income Accounting Guidebook 7511 requires a system of internal control sufficient to safeguard assets.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1998

CURRENT AUDIT FINDINGS
(CONTINUED)

RECOMMENDATION: I recommend the authority contact the appropriate federal and state agencies where payroll returns should have been filed. After ascertaining which returns are unfiled, file the missing returns and work out agreements with the agencies in an effort to minimize interest and penalties. The authority should institute a system of internal control sufficient to insure that salaries are appropriate based on time spent and in accordance with the budget.

REPLY: We will comply with the auditor's recommendation.

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

CRITERIA: The Cooperation agreement with the City requires annual PILOT payments.

RECOMMENDATION: I recommend the authority pay the PILOT.

REPLY: We will comply with the auditor's recommendation.

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

CRITERIA: Low Rent Accounting Guidebook 7510 requires an annual inventory. The guidebook further requires that the inventory support the 1400.4 accounts.

RECOMMENDATION: I recommend the authority conduct an inventory. The inventory should then be reconciled to the fee accountant's listing.

REPLY: We will comply with the auditor's recommendation.

98-7 PHMAP SUPPORTING DOCUMENTATION

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

CFDA NUMBER: 14.850

CRITERIA: PHMAP confirmatory review handbook 7460.G requires sufficient supporting documentation to verify the indicators reported.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1998

CURRENT AUDIT FINDINGS
(CONTINUED)

RECOMMENDATION: I recommend the authority institute procedures to insure that the PHMAP data is compiled throughout the year and maintained on file and available for audit.

REPLY: We will comply with the auditor's recommendation.

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

CRITERIA: Low Income Accounting Guidebook 7511 requires a system of internal control sufficient to safeguard assets.

RECOMMENDATION: I recommend the authority have the fee accounting done on a monthly basis and utilize the information for budget to actual comparisons.

REPLY: We will comply with the auditor's recommendation.

HOUSING AUTHORITY OF THE CITY OF FARMERVILLE
Farmerville, Louisiana

SEPTEMBER 30, 1998

SCHEDULE OF ADJUSTMENTS MADE -- LOW-INCOME PUBLIC HOUSING
Annual Contributions Contract FW-1218

<u>Account</u> <u>Number</u>	(1)	<u>Dr.</u>	<u>Cr.</u>
1162	Investments	5,292.28	
6010	Prior Period Adjustments Affecting Residual Receipts		5,292.28

To adjust the investment account to the bank statement. The interest income has been unrecorded for the past three years. (This entry should be made by the PHA).

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 three years ended September 30, 1998 and have issued my report thereon dated May 6, 1999. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.

Compliance

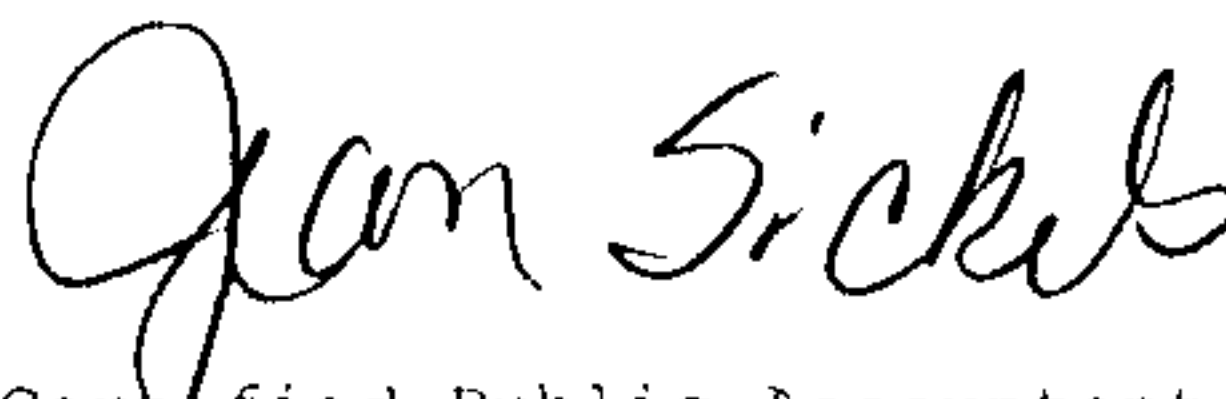
As part of obtaining reasonable assurance about whether the Housing Authority of the City of Farmerville's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have 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 instances of noncompliance that are required to be reported under **Government Auditing Standards** which are described in the accompanying schedule of findings and questioned costs.

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. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Housing Authority of the City of Farmerville's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

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

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.

A handwritten signature in black ink that reads "Jan Sickel". The signature is written in a cursive style with a large initial "J".

Certified Public Accountant

Decatur, Georgia
May 6, 1999

Jean Sickels Company
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 three years ended September 30, 1998. 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.

As described in the accompanying schedule of findings and questioned costs, the Housing Authority of the City of Farmerville did not comply with requirements regarding specific program requirements that are applicable to its major federal programs. Compliance with such requirements is necessary, in my opinion, for the Housing Authority of the City of Farmerville to comply with requirements applicable to that program.

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.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the Housing Authority of the City of Farmerville's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

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

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.



James Sicked

Certified Public Accountant

Decatur, Georgia
May 6, 1999