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HOUSING AUTHORITY OF THE TOWN OF HOMER, LOUISIANA

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED JUNE 30, 1998

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.

Release Date NOV 1 8 1998

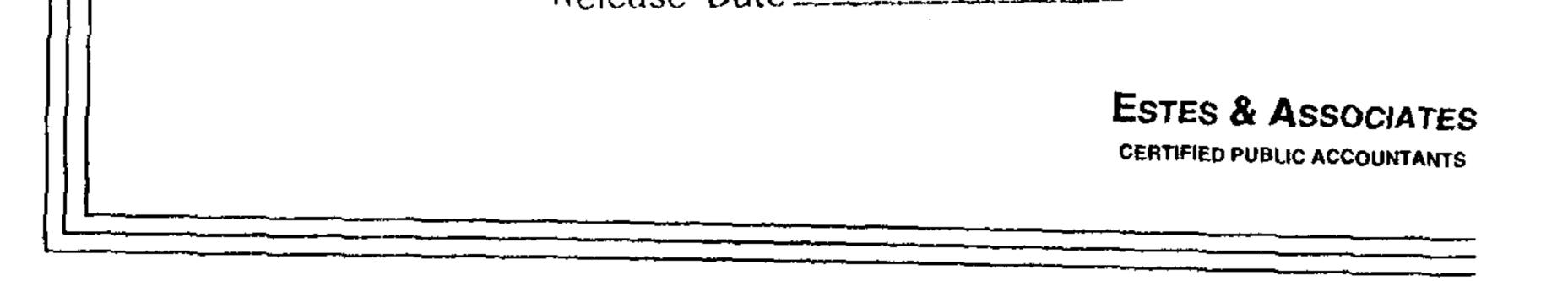
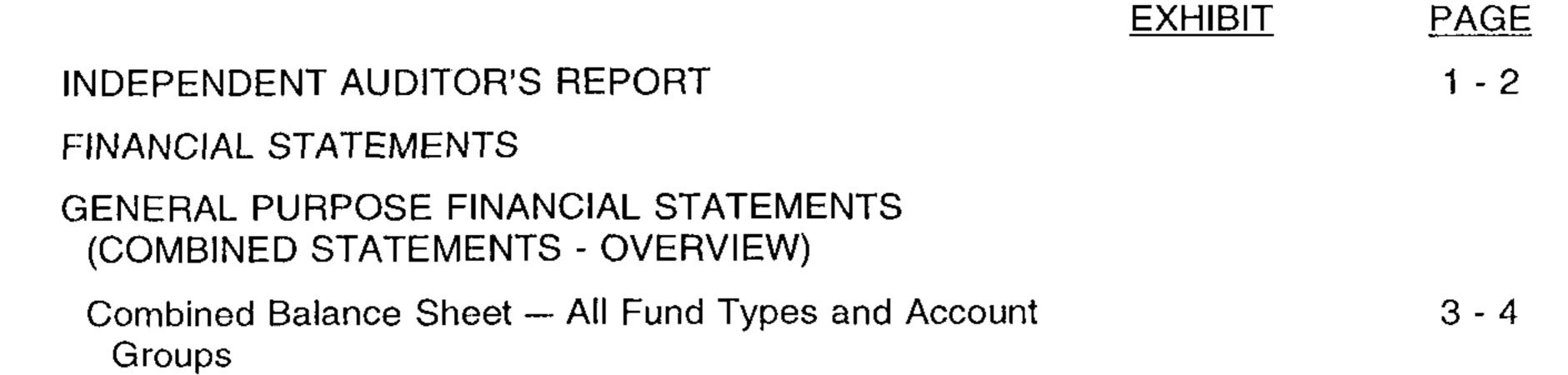


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ESTES & ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS 4200 AIRPORT FREEWAY – SUITE 100 FORT WORTH, TEXAS 76117

(817) 831-3553 METRO (817) 654-4063 FAX (817) 831-3560

MEMBER

AMERICAN INSTITUTE OF CERTIFIED

PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners Housing Authority of the Town of Homer Homer, Louisiana

Regional Inspector General for Audit Office of Inspector General Department of Housing and Urban Development

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the Housing Authority of the Town of Homer, Louisiana at and for the year ended June 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of the Town of Homer, Louisiana' management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

MIKE ESTES, CPA/PFS, CFP

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We conducted our 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, and provisions of the Louisiana Governmental Audit Guide. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the authority's policy is to prepare its financial statements on the basis of accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the general-purpose financial statements and the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Homer, Louisiana as of June 30, 1998 and the results of its operations and changes in its surplus for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 1998 on our consideration of Housing Authority of the Town of Homer's internal

control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statement of the Housing Authority of the Town of Homer, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, 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 our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Estes and Associates

Fort Worth, Texas October 29, 1998

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	H	NISUOH	NG AUTHORIT	, ≺ OF	THE T(TOWN OF	F HOMER			Ţ
		ALL	FUND T	BINED BAL	ACCE 1998		ET GROUPS			
		Ö	Governmental	Fund Types			Fiduciary Fund Types	Accour	nt Groups	
	General		Special Revenue	Debt Service	٥Ę	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
SETS										
cash equivalents its	\$ 8,876.09 52,464.18	ም		Ś	Ф		\$ 7,045.00	θ	÷	<pre>\$ 15,921.09 52,464.18</pre>
es, net of allowances:	1,699.16	<i>(</i> 0								1,699.16
	2,401.82 13,157.62			78,677.89				2,850,779.41		2,401.82 78,677.89 13,157.62 2,850,779.41
be provided for retirement al long-term debt									610,968.75	610,968.75
otal Assets	\$ 78,598.87	⊌ ∽	0.00	\$ 78,677.89	ب ج	0.00	\$ 7,045.00	\$2,850,779.41	\$ 610,968.75	\$ 3,626,069.92
The Notes to Financial	l Statements	are an	n integral	part of	these statem	ements				

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Prepaid expenditures Property, plant and equi Amount to be provided f Cash and cash equival Receivables, net of all of general long-term Other governments Total Assets ASSETS Other funds Investments Due from: Rentals

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The Notes to Financial Statements are an integral part of these statem

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Reserved for capital Reserved for debt s General obligation bo LIABILITIES AN Total Fund Equ Total Liabilities Investment in genera Total Liabilities and other liabilities Accounts payable Deferred revenue Accrued liabilities Undesignated Fund balances: FUND EQUITY Unreserved: Other funds LIABILITIES Tenants Due to:

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COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES YEAR ENDED JUNE 30, 1998

			Governmer	ntal	Fund Types			Total
	 General		Special Revenue		Debt Service	Capital Projects	1)	Memorandum Only)
REVENUES								
Rentals	\$ 93,451.80	\$		\$		\$	\$	93,451.80
Intergovernmental	94,035.00				78,435.57	138,923.90		311,394.47
Interest	849.41					-		849.41
Other	62,965.22	-		-			-	62,965.22
Total Revenues	251,301.43		0.00		78,435.57	138,923.90		468,660.90

EXPENDITURES

-

\$

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Administration

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Administration	49,118.08					49,118.08
Utilities	39,103.26					39,103.26
Ordinary maintenance	55,288.78					55,288.78
General expenditures	44,328.09					44,328.09
Capital expenditures	5,557.55				124,206.21	129,763.76
Debt service:						·
Principal retirement				48,093.75		48,093.75
Interest				29,978.44		29,978.44
			<u>±</u>		<u></u>	-
Total expenditures	193,395.76		0.00	78,072.19	124,206.21	395,674.16
		•	-			
Excess (deficiency) of revenues						
over (under) expenditures	57,905.67		0.00	363.38	14,717.69	72,986.74
OTHER FINANCING SOURCES(USES	S)					
Operating transfers in	-,					0.00
Operating transfers out						0.00
operating dationere eat					_	-
Total other financing sources(uses)	0.00		0.00	0.00	0.00	0.00
, o tal o thor minaneg o o a o o (+ + -)	·		<u> </u>			
FUND BALANCE, beginning of year	3,925.53			78,314.51	(17,119.51)	65,120.53
				<u> </u>	······	
FUND BALANCE, end of year	\$ 61,831.20	\$	0.00 \$	78,677.89	\$ (2,401.82)	\$ 138,107.27
· · · · · · · · · · · · · · · · · · ·		;			****	<u>+</u>

The Notes to Financial Statements are an integral part of these statements.

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HOUSING AUTHORITY	OF THE TOW	IN OF HOMER	Ш				
Combined Statement of Revenues, Exp Budget (Gaap I General Fund and S Year Ender	XPENDITURES P BASIS) AND D SPECIAL REV DED JUNE 30, 1	AND CHANGES ACTUAL VENUE FUNDS 1998	IGES IN FUND IDS	BAL	ANCES		r
		General Fund		ğ	Special Revenue	Funds	
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget	
	\$ 95,090.00 94,035.00 1,170.00 46,000.00	\$ 93,451.80 94,035.00 849.41 62,965.22	\$ (1,638.20) (0.00 (320.59) 16,965.22	сЭ	€ ?	\$ 0.00 0.00 0.00 0.00	0000
IUES	236,295.00	251,301.43	15,006.43	00.0	0.00	0.00	0
S							
	51,190.00 53,900.00	49,118.08 39,103.26	(2,071.92) (14,796.74)			0.00	00
tenance	59,450.00	55,288.78	(4,161.22)			0.00	00
ss nditures	44,750.00	44.328.09	(421.91)			00.0	5 0
ditures	14,510.00	5,557.55	(8,952.45)			0.00	0
ditures	224,020.00	193,395.76	(30,624.24)	0.00	0.00	0.00	0
ncy) of revenues expenditures	\$ 12,275.00	57,905.67	\$ 45,630.67	\$ 0.00	0.00	\$ 0.00	0
income to							
ES, beginning of year		3,925.53					
ES, end of year		\$ 61,831.20			00.00 \$		

The Notes to Financial Statements are an integral part of these statements.

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Intergovernment Total Revenu EXPENDITURES Ordinary mainte Tenant services General expend Capital expendit Total Expend Excess (deficienc over (under) ext Transfer of net in unreserved defi FUND BALANCE FUND BALANCE Administration Other income REVENUES Interest Utilities Rentals

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HOUSING AUTHORITY C	OF THE TOWN	IN OF HOMER	Ш			
COMBINED STATEMENT OF REVENUES, EXPE BUDGET (GAAP B, BUDGET (GAAP B, DEBT SERVICE AND CA YEAR ENDED	NDITURES ASIS) AND JUNE 30,	S AND CHANGES ACTUAL JECTS FUNDS 1998	Z	FUND BALAN(ANCES	E
	Ŏ	Debt Service Fu	Fund	Ő	Capital Projects F	Funds
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
ntal	\$ 78,435.57	\$ 78,435.57	\$ 0.00	\$138,923.90	\$138,923.90	\$ 0.00
ues	78,435.57	78,435.57	0,00	138,923.90	138,923.90	0.00
S						
litures			00.0	138,923.90	124,206.21	14,717.69
ement	48,093.75 29,978.44	48,093.75 29,978.44	0.00			0.00
litures	78,072.19	78,072.19	0.00	138,923.90	124,206.21	14,717.69
cy) of revenues xpenditures	\$ 363.38	363.38	0000 \$	0000 \$	14 717 69	\$ 14 717 60
ncome to						
C. herinaina of voor						
zo, peginning or year		/8,314.51			(17,119.51)	
ES, end of year		\$ 78,677.89			\$ (2,401.82)	
tes to Financial Statements are an integral part of	these statem	tents.				

5

The Note

Excess (deficiency) over (under) expe Transfer of net incount incount incount in the second seco Intergovernment Total Revenue Capital expendit Principal retires Total Expendit FUND BALANCE FUND BALANCE EXPENDITURES Debt Service: REVENUES Interest

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Homer, Louisiana (the Authority), a public corporate body, was organized for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by providing decent housing, a suitable living environment, and economic opportunities principally for persons of low and moderate income.

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the Town of Homer, Louisiana. Each member serves a five-year term on a rotating basis. Substantially all of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities, housing assistance payments for eligible individuals, and receipt of annual debt service requirements for HUD-related long-term debt.

(1) Financial Reporting Entity

1

Generally accepted accounting principles require that the financial statements present the accounts and operations of the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and data from these units, if any, are combined with data of the Authority. Each discretely presented component unit, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the Authority. As of June 30, 1998, and for the fiscal year then ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

(2) <u>Fund Accounting</u>

The accounts of the Authority are organized on the basis of 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, or expenses, as appropriate. The various funds are grouped by type and broad categories in the financial statements as follows:

The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) <u>Fund Accounting</u> (continued)

8

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the Authority are financed. The measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The following are the Authority's governmental fund types:

<u>General Fund</u> - The General Fund is the general operating fund of the Authority. The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Authority which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

<u>Special Revenue Funds</u> - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

<u>Debt Service Fund</u> - The Debt Service Fund is used to account for the accumulation of resources for the payment of interest, principal, and related costs of general long-term debt.

<u>Capital Projects Funds</u> - Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or rehabilitation of major capital facilities.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Authority as an agent for individuals, private organizations, other governmental units, and/or other funds. The following is the Authority's fiduciary fund type:

<u>Agency Funds</u> - Agency Funds include Tenant Security Deposit Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations.

The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNT GROUPS

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Account groups are used to establish accounting control and accountability for the Authority's general fixed assets and general long-term debt for governmental fund types. These are not "funds." They are concerned only with the measurement of financial position and not with results of operations. The following are the Authority's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Authority.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the Authority.

(4) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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. All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered "measurable" when received in cash, except for certain revenues which are accrued when they are both measurable and available or have not been received at the normal time of receipt. Certain grant revenues are accrued when funds are Revenues susceptible to accrual are federal grants, interest on expended. investments, and other miscellaneous revenues which are both measurable and available to finance expenditures of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Agency Funds are custodial in nature and do not measure results of operations. They are clearing accounts whose assets at all times are equally offset by related liabilities.

(5) Budgetary Data

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program, included in the General Fund, and all Assisted Housing (Section 8) Programs, included in Special Revenue Funds. Annual budgets are not required for Capital Projects Funds as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.



The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures, such as reinstatement of prior-year encumbrances. The Board and HUD must approve fund appropriation increases. Any unused appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

The original budget has been amended throughout the year to reflect changes in revenue and expenditure estimates.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables. The difference is not considered materially different from generally accepted accounting principles.

(6) <u>Cash and Cash Equivalents</u>

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(7) <u>Tenant Receivables</u>

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Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts amounting to \$ -0- at June 30, 1998.

(8) Interfund Transactions

During the course of normal operations, the Authority has numerous transactions between funds to provide services, construct assets, and service debt. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

(9) <u>General Fixed Assets</u>

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation is not recorded on general fixed assets. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings, including roads, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets.

The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs of completed Modernization projects are reported as construction-in-progress until audited cost certification reports are submitted to HUD, at which time such costs are transferred to the appropriate property categories.

General Long-Term Debt (10)

1

All long-term indebtedness of the Authority is accounted for in the General Long-Term Debt Account Group and is intended to be paid through the Debt Service Fund.

Compensated Absences (11)

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service. The cost of this has not been accrued due to immateriality.

Total Columns on Combined Statements (12)

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 generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 1998. The categories are described as follows:

- Insured or collateralized with securities held by the entity or by its agent in the Category 1 entity's name.
- Collateralized with securities held by the pledging financial institution's trust Category 2 department or agent in the entity's name.
- Uncollateralized. Category 3 -

Cash Deposits, categorized by level of risk, are:

		Category	<u>.</u>
Total			
Bank Balances	1	2	3



The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) JUNE 30, 1998

NOTE C - ACTIVITIES OF THE PHA

At June 30, 1998, the PHA was managing 99 units of low-rent in one project under Program FW -- 925.

NOTE D - CONTINGENCIES

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The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Changes in the general fixed assets account group are as follows:

	-	Beg. of Period	Additions	_	Deletions	_	End of Period
Land, land impvts.	\$	7,200.00	\$	\$		\$	7,200.00
Buildings		2,697,330.17					2,697,330.17
Equipment		140,691.69	5,557.55				146,249.24
Total	\$	2,845,221.86	\$ 5,557.55	\$	0.00	\$	2,850,779.41

All land and building are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) JUNE 30, 1998

NOTES F - LONG-TERM DEBT

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Long-term debt consists of the following:

	Interest	Principal
	Rate	Balance
Bond payable, June 1, 1967 series	4.5 %	\$ 610,968.75

The bonds mature in series annually in varying amounts with the final maturity date in 2008. All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

Long-term debt is secured by the land and buildings of the entity.

Changes in long-term debt is as follows:

	Bonds
Balance, beginning of period	\$ 659,062.50
Principal retirement	48,093.75
Balance, end of period	\$ 610,968.75
Schedule retirements of long-term debt is as follows:	
1999	\$ 49,875.00
2000	53,437.50
2001	53,437.50
2002	58,781.25
2003	58,781.25
Thereafter	336,656.25

The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) JUNE 30, 1998

NOTE G - RETIREMENT PLAN

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The entity provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six months exclusionary period. The employee contributes 5 % and the entity contributes 7 % of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

No employees participated during the year ended June 30, 1998.

NOTE H - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

Long Term Debt

It is not possible to estimate the fair value of long term debt owed to the federal goverment by this governmental entity, a housing authority. The housing authority is unable, by law, to secure long term financing from any other source. FASB 107 describes fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

NOTE I - ACCOUNTING FOR THE IMPAIRMENT OF LONG - LIVED ASSETS

The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

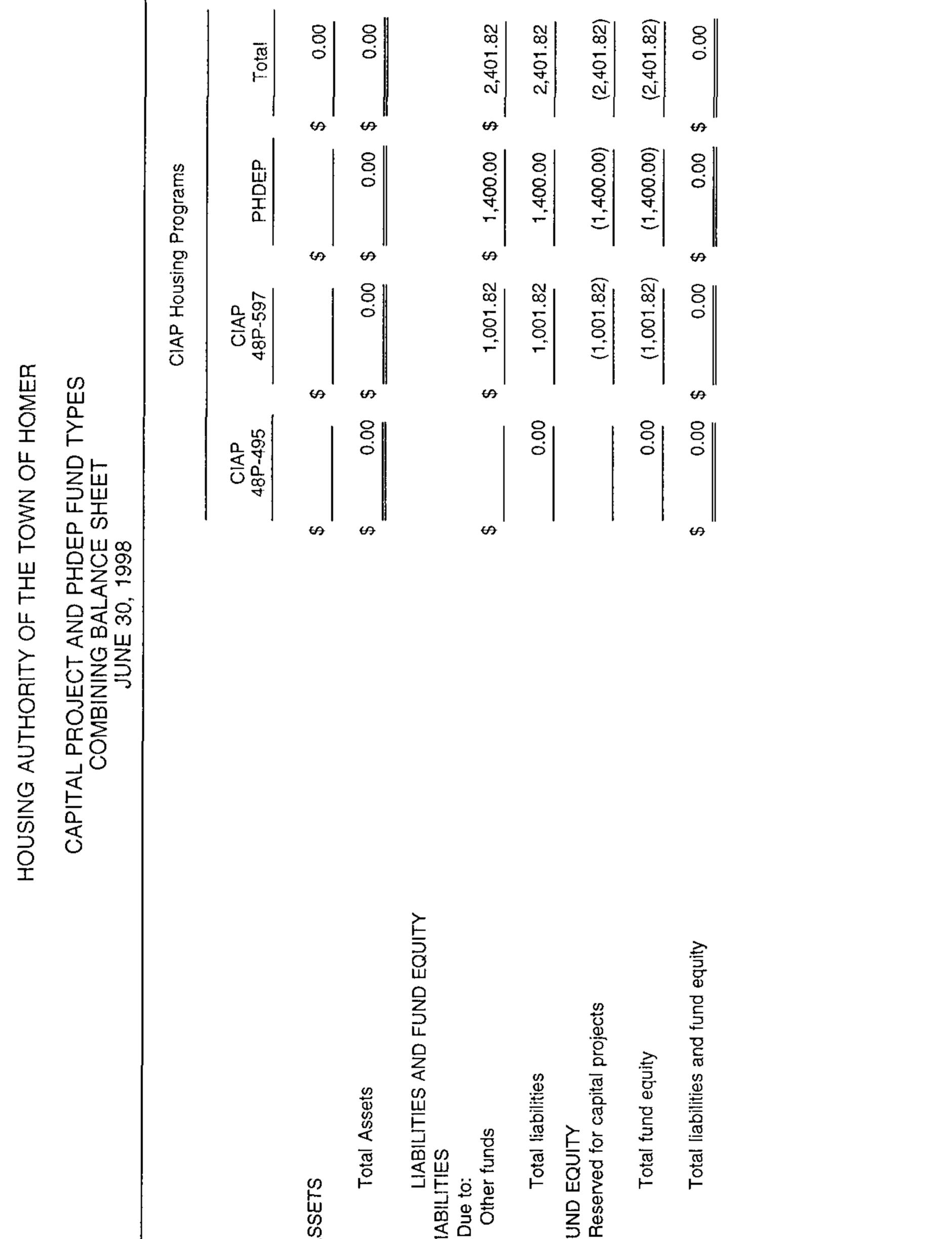
NOTE J - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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The Notes to Financial Statements are an integral part of these statements.

Total fund equity

FUND EQUITY

Total liabilities

LIABILITIES Total As: Due to: Other funds

ASSETS

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T HOUSING AUTHORITY OF THE T	THE TOWN OF HOMER	Ш		
CAPITAL PROJECT AND PHDE COMBINING STATEMENT OF REVENUES, EXPENDITUR JUNE 30, 1998	XT AND PHDEP FUND TYPES EXPENDITURES AND CHANGES JNE 30, 1998	Z	FUND BALANCES	S
		CIAP Housir	Housing Programs	
	CIAP 48P-495	CIAP 48P-597	ЬНDEP	Total
renues ergovernmental	\$ 93,385.08	\$ 45,538.82	€9	\$ 138,923.90
Total Revenues	93,385.08	45,538.82	0.00	138,923.90
ENDITURES pital expenditures	76,265.57	46,540.64	1,400.00	124,206.21
Total Expenditures	76,265.57	46,540.64	1,400.00	124,206.21
ess (deficiency) of revenues er (under) expenditures	17,119.51	(1,001.82)	(1,400.00)	14,717.69
Istment ·	96.00			96.00
ID BALANCE, beginning of year	(17,215.51)			(17,215.51)
ID BALANCE, end of year	\$	\$ (1,001.82)	\$ (1,400.00)	\$ (2,401.82)
The Notes to Financial Statements are an integral part of these stat	statements.			

-17-

EXPENDITURES Capital expendi Total Rev Total Exp Intergovernme Excess (deficier over (under) e FUND BALANC FUND BALANC REVENUES Adjustment

HOUSING AUTHORITY OF THE TOWN OF HOMER

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FIDUCIARY FUNDS COMBINING BALANCE SHEET JUNE 30, 1998

	Agency Funds	
	Tenant Security Deposit Funds	Total Fiduciary Funds
ASSETS		
Cash and cash equivalents	\$ 7,045.00	\$ 7,045.00
Total Assets	\$ 7,045.00	\$ 7,045.00

LIABILITIES

.

Due to tenants	\$ 7,045.00	\$_	7,045.00
Total Liabilities	\$ 7,045.00	\$	7,045.00

The Notes to Financial Statements are an integral part of these statements.

-18-

FIDUCIARY FUNDS SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS JUNE 30, 1998

	Agen	cy Funds	
		Tenant Security Deposit Funds	Total Fiduciary Funds
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$	6,960.00	\$ 6,960.00
ADDITIONS Collected from tenants Total Additions		85.00 85.00	85.00 85.00

DEPOSIT BALANCES AT END OF YEAR

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The Notes to Financial Statements are an integral part of these statements.

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EXHIBIT A

HOUSING AUTHORITY OF THE TOWN OF HOMER

BALANCE SHEET - STATUTORY BASIS JUNE 30, 1998

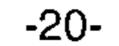
ANNUAL CONTRIBUTION CONTRACT FW - 925

ASSETS

Cash - Exhibit F	\$	15,921.09
Accounts receivable - tenants		1,699.16
Investments - Note B		52,464.18
Debt amortization funds		78,677.89
Deferred charges		13,157.62
Land, structures and equipment	-	3,213,720.05
Total Assets	\$_	3,375,639.99

LIABILITIES AND SURPLUS

Accounts payable Accrued liabilities	\$	7,149.81 10,993.09
Deferred credits Fixed liabilities		5,669.77 610,968.75
Total Liabilities	٠	634,781.42
Surplus - Exhibit C	•	2,740,858.57
Total Liabilities and Surplus	\$	3,375,639.99



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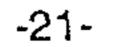
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STATEMENT OF INCOME AND EXPENSES --- STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT

		Year Ended
		06-30-98
Operating Income Dwelling rental Interest on general fund investments Other income	\$	93,451.80 849.41 58,640.05
Total Operating Income - Exhibit D	-	152,941.26
Operating Expenses Administration Utilities Ordinary maintenance and operation General expense		49,118.08 39,103.26 55,288.78 44,328.09
Total Operating Expense - Exhibit D	-	187,838.21
Net Operating Income (Loss)	-	(34,896.95)
Other Charges Interest on notes and bonds payable		29,978.44
Prior year adjustments - affecting residual receipts		8,904.63
Prior year adjustments - not affecting residual receipts		1,910.48
Total Other Charges		40,793.55
Net Loss - Exhibit C	\$	(75,690.50)



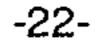
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ANALYSIS OF SURPLUS – STATUTORY BASIS TWELVE MONTHS ENDED JUNE 30, 1998

ANNUAL CONTRIBUTION CONTRACT <u>FW – 925</u>

<u>Unreserved Surplus</u> Balance per prior audit at 06-30-97	\$ (1,945,310.82)
Prior audit adjustment recorded in subsequent year	14,694.28
Net loss for the year ended 06-30-98 - Exhibit B	(75,690.50)
(Provision for) reduction of Operating Reserve for year ended 06-30-98 - Exhibit D	(44,675.87)
Balance at 06-30-98	 (2,050,982.91)

<u>Reserved Surplus - Operating Reserve</u> Balance per prior audit at 06-30-97	17 155 22
Datance per prior audit at 00-50-57	17,155.33
Provision for (reduction of) Operating Reserve for the year ended 06-30-98 - Exhibit D	44,675.87
Balance at 06-30-98 - Exhibit F	\$ 61,831.20



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ANALYSIS OF SURPLUS – STATUTORY BASIS TWELVE MONTHS ENDED JUNE 30, 1998

ANNUAL CONTRIBUTION CONTRACT <u>FW - 925</u>

<u>Cumulative HUD Contributions</u> Balance per prior audit at 06-30-97	\$ 3,398	8,807.89
Annual contribution for year ended 06-30-98 - Exhibit D	78	8,435.57
Operating subsidy for year ended 06-30-98	94	4,035.00
Balance at 06-30-98	3,57	1,278.46

 Cumulative HUD Grants

 Balance per prior audit at 06-30-97
 1,019,807.92

 Advances for year ended 06-30-98
 138,923.90

 Balance at 06-30-98
 1,158,731.82

 Total Surplus - Exhibit A
 \$ 2,740,858.57



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EXHIBIT D

HOUSING AUTHORITY OF THE TOWN OF HOMER

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COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT <u>FW -- 925</u>

		Year Ended
		06-30-98
<u>Computation of Residual Receipts</u> <u>Operating Receipts</u> Operating Income - Exhibit B	\$	152,941.26
HUD operating subsidy	φ	94,035.00
Total Operating Receipts		246,976.26
<u>Operating Expenditures</u> Operating expenses - Exhibit B Capital expenditures: Replacement of nonexpendable		187,838.21
equipment Prior year adjustments - affecting		5,557.55
residual receipts	_	8,904.63
Total Operating Expenditures	-	202,300.39
Residual receipts (deficit) per audit before provision for reserve		44,675.87
Audit adjustments (backed out)	_	
Residual receipts per PHA before provision for reserve		44,675.87
(Provision for) or reduction of operating reserve - Exhibit C		(44,675.87)
Residual receipts per PHA	\$	0.00

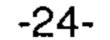


EXHIBIT D

HOUSING AUTHORITY OF THE TOWN OF HOMER

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COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT <u>FW - 925</u>

Year Ended

06-30-98

Computation of Accruing Annual Contributions

Fixed annual contribution

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Total Annual Contribution -Exhibit C \$ 78,435.57

\$ 78,435.57

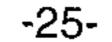


EXHIBIT E(1)

HOUSING AUTHORITY OF THE TOWN OF HOMER

STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST

ANNUAL CONTRIBUTION CONTRACT <u>FW - 925</u>

1. The Actual Modernization Costs of are as follows:

	 48P - 495
Funds Approved	\$ 315,000.00
Funds Expended	 315,000.00
Excess of Funds Approved	\$ 0.00

Excess of Funds Advanced	\$ 0.00
Funds Expended	315,000.00
Funds Advanced	\$ 315,000.00

- The distribution of costs by project as shown on the Final Statement of Modernization Cost dated March 31, 1998 accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 3. All modernization costs have been paid and all related liabilities have been discharged through payment.





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EXHIBIT E(2)

HOUSING AUTHORITY OF THE TOWN OF HOMER

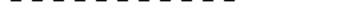
STATEMENT OF MODERNIZATION COSTS – UNCOMPLETED JUNE 30, 1998

	 PHDEP 1997	Project 48P-597
Funds Approved	\$ 50,000.00	\$ 58,000.00
Funds Expended	 1,400.00	46,540.64
Excess of Funds Approved	\$ 48,600.00	\$ 11,459.36
Funds Advanced	\$ 0.00	\$ 45,538.82

Funds Expended	_	1,400.00	46,540.64
Excess of Funds Expended	\$	(1,400.00)	\$ (1,001.82)



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EXHIBIT F

HOUSING AUTHORITY OF THE TOWN OF HOMER

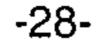
ANALYSIS OF GENERAL FUND CASH BALANCE

ANNUAL CONTRIBUTION CONTRACT <u>FW - 925</u>

Composition Before Adjustments	
Net operating receipts retained:	
Operating reserves - Exhibit C	\$ 61,831.20
CIAP funds expended over	
funds advanced - Exhibit E(2)	(2,401.82)
Deferred credits	5,669.77
	65,099.15

Adjustments Expenses/costs not paid:

Accounts payable Accrued payments in lieu of taxes	7,149.81 10,993.09
Income not received: Accounts receivable	(1,699.16)
General Fund Cash Available	81,542.89
General Fund Cash: Invested Applied to deferred charges (prepaid insurance, inventories, etc.)	(52,464.18) (13,157.62)
General Fund Cash - Exhibit A	\$ 15,921.09



SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 1998

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	GRANT ID NO.		AWARD AMOUNT	PROGRAM EXPENDITURES	
U.S. Department of Hou			pment		- <u></u>	
Direct Programs:	-		-			
Low-Income Housing						
Annual Contribution	14.850	FW- 925	\$		\$ 0.00	1/
Operating Subsidy	14.850	FW- 925		94,035.00	94,035.00	
Major Program T	otal 1/			94,035.00	94,035.00	
PHDEP	14.854	FW- 925		0.00	1,400.00	
Major Program T	otal			0.00	1,400.00	
Comprehensive Improvement						

Assistance Program

Total HUD			\$ 	232,958.90	\$ 218,241.21
Major Program	F otal			138,923.90	 122,806.21
Project 48P-597	14.852	FW- 925		45,538.82	 46,540.64
Project 48P-495	14.852	FW- 925		93,385.08	76,265.57
Assistance i rogram					

The annual contribution of \$78,435.57 is not included in federal funds expended to determine the \$300,000 threshold for audit purposes.

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ESTES & ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS 4200 AIRPORT FREEWAY – SUITE 100 FORT WORTH, TEXAS 76117

(817) 831-3553 METRO (817) 654-4063 FAX (817) 831-3560

MIKE ESTES, CPA/PFS, CFP

MEMBER

AMERICAN INSTITUTE OF CERTIFIED

PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial Reporting Based on anAudit of Financial Statements Performed in Accordance with Governmental Auditing Standards

Housing Authority of the Town of Homer Homer, Louisiana

We have audited the financial statements of the Housing Authority of the Town of Homer, Louisiana as of and for the year ended June 30, 1998, and have issued our report thereon dated October 29, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Homer, Louisiana's financial statements are free of material misstatement, we 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 a opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*, or the Louisiana Governmental Audit Guide.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Town of Homer, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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

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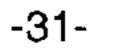
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their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Esles and Associales

Fort Worth, Texas October 29, 1998



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HOUSING AUTHORITY OF THE TOWN OF HOMER SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 1998

Prior Audit Findings and Questioned Cost

1997 - Finding No. 1: Uncollateralized Deposits Above FDIC Limits

Condition: There was a deficiency in collateralization of Bank One for years ended 06/30/96 and 06/30/97.

Recommendation: The auditor recommended that the PHA request the financial institution to provide the required collateral.

Current Status: The PHA has not had in excess of \$ 100,000 at Bank One for some time. The PHA has a depository agreement with Bank One. I explained the neccessity of excess collateralization and the monitoring of such with the Executive Director.

1997 - Finding No. 2: Tenant Files

Condition: Several deficiencies were noted in the review of tenant files.

Recommendation: The auditor recommended a review of tenant files to eliminate the deficiencies.

Current Status: We noted no discrepancies in our review of tenant files. The PHA is currently using a "Checklist of Procedures" for tenant files that must be signed off. This seems to be helping performance.

1997 - Finding No. 3: Budget Overruns in Controlled Account(s)

The PHA had no budget overruns in the current audit.

1997 - Finding No. 4: PHMAP Assessment Factors

Condition: The prior auditor's review of HUD-50072 PHMAP Certification revealed discrepancies between amount per audit versus books for Indicators 3 and 6.

Recommendation: The auditor made no recommendation.

Current Status: No discrepancies exist in the current audit for PHMAP factors.

Questioned





None.

