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HOUSING AUTHORITY OF THE TOWN OF OBERLIN, LOUISIANA

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED DECEMBER 31, 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 JUN 09 1999

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION

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MEMBER
AMERICAN BOARD CERTIFIED
PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners
Housing Authority of the
Town of Oberlin
Oberlin, 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 Oberlin, Louisiana at and for the year ended December 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of the Town of Oberlin, Louisiana' management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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 referred to above do not present fairly, the PHA's financial position in accordance with generally accepted accounting principles.

However, the general-purpose financial statements do present fairly the financial position of the Housing Authority of the Town of Oberlin, Louisiana as of December 31, 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 May 19, 1999 on our consideration of Housing Authority of the Town of Oberlin'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 Oberlin, 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.

Mike Estes P.C.

Fort Worth, Texas

May 19, 1999

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1998

	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Total Memorandum (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt		
ASSETS									
Cash and cash equivalents	\$ 7,320.58	\$	\$	\$	\$ 1,800.00	\$	\$	\$	\$ 9,120.58
Investments	23,889.25								23,889.25
Receivables, net of allowances:									
Other	17.37								17.37
Due from:									
Other funds	443.85								443.85
Other governments			12,354.47						12,354.47
Prepaid expenditures	958.00								958.00
Property, plant and equipment									
Amount to be provided for retirement of general long-term debt							735,504.65		735,504.65
Total Assets	\$ 32,629.05	\$ 0.00	\$ 12,354.47	\$ 0.00	\$ 1,800.00	\$ 735,504.65	\$ 54,300.15	\$ 54,300.15	\$ 836,588.32

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
DECEMBER 31, 1998

	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt		
LIABILITIES AND FUND EQUITY									
LIABILITIES									
Accrued liabilities	\$ 2,080.05	\$	\$	\$	\$	\$	\$	\$	2,080.05
Due to:									
Tenants					1,800.00				1,800.00
Other funds				443.85					443.85
General obligation bonds payable and other liabilities						54,300.15			54,300.15
Total Liabilities	2,080.05	0.00	0.00	443.85	1,800.00	54,300.15	0.00		58,624.05
FUND EQUITY									
Investment in general fixed assets							735,504.65		735,504.65
Fund balances:									
Reserved for capital projects				(443.85)					(443.85)
Reserved for debt service			12,354.47						12,354.47
Unreserved:									
Undesignated	30,549.00								30,549.00
Total Fund Equity	30,549.00	0.00	12,354.47	(443.85)	0.00	0.00	735,504.65	0.00	777,964.27
Total Liabilities and Fund Equity	\$ 32,629.05	\$ 0.00	\$ 12,354.47	\$ 0.00	\$ 1,800.00	\$ 54,300.15	\$ 735,504.65	\$ 54,300.15	\$ 836,588.32

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES					
Rentals	\$ 22,492.38	\$	\$	\$	\$ 22,492.38
Intergovernmental	2,166.00		12,048.13	39,213.67	53,427.80
Interest	1,044.77				1,044.77
Other	9,615.60				9,615.60
Total Revenues	35,318.75	0.00	12,048.13	39,213.67	86,580.55
EXPENDITURES					
Administration	14,085.19				14,085.19
Utilities	1,691.83				1,691.83
Ordinary maintenance	6,333.79				6,333.79
General expenditures	8,280.58				8,280.58
Capital expenditures				39,363.81	39,363.81
Debt service:					
Principal retirement			9,942.28		9,942.28
Interest			2,087.87		2,087.87
Total expenditures	30,391.39	0.00	12,030.15	39,363.81	81,785.35
Excess (deficiency) of revenues over (under) expenditures	4,927.36	0.00	17.98	(150.14)	4,795.20
OTHER FINANCING SOURCES(USES)					
Operating transfers in					0.00
Operating transfers out					0.00
Total other financing sources(uses)	0.00	0.00	0.00	0.00	0.00
FUND BALANCE, beginning of year	25,621.64		12,336.49	(293.71)	37,664.42
FUND BALANCE, end of year	\$ 30,549.00	\$ 0.00	\$ 12,354.47	\$ (443.85)	\$ 42,459.62

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL FUND AND SPECIAL REVENUE FUNDS
 YEAR ENDED DECEMBER 31, 1998

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Rentals	\$ 26,370.00	\$ 22,492.38	\$ (3,877.62)	\$	\$	0.00
Intergovernmental	2,166.00	2,166.00	0.00			0.00
Interest	1,000.00	1,044.77	44.77			0.00
Other income	2,720.00	9,615.60	6,895.60			0.00
Total Revenues	32,256.00	35,318.75	3,062.75	0.00	0.00	0.00
EXPENDITURES						
Administration	16,860.00	14,085.19	(2,774.81)			0.00
Utilities	2,200.00	1,691.83	(508.17)			0.00
Ordinary maintenance	10,300.00	6,333.79	(3,966.21)			0.00
General expenditures	8,900.00	8,280.58	(619.42)			0.00
Capital expenditures	610.00	0.00	(610.00)			0.00
Total Expenditures	38,870.00	30,391.39	(8,478.61)	0.00	0.00	0.00
Excess (deficiency) of revenues over (under) expenditures	\$ (6,614.00)	4,927.36	\$ 11,541.36	\$ 0.00	\$ 0.00	\$ 0.00
Transfer of net income to unreserved deficit						
FUND BALANCES, beginning of year		25,621.64				
FUND BALANCES, end of year		\$ 30,549.00		\$	0.00	

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 DEBT SERVICE AND CAPITAL PROJECTS FUNDS
 YEAR ENDED DECEMBER 31, 1998

	Debt Service Fund		Capital Projects Funds		Over (Under) Budget
	Budget	Actual	Budget	Actual	
REVENUES					
Intergovernmental	\$ 12,048.13	\$ 12,048.13	\$ 39,213.67	\$ 39,213.67	\$ 0.00
Total Revenues	12,048.13	12,048.13	39,213.67	39,213.67	0.00
EXPENDITURES					
Capital expenditures			39,213.67	39,363.81	(150.14)
Debt Service:					
Principal retirement	9,942.28	9,942.28			0.00
Interest	2,087.87	2,087.87			0.00
Total Expenditures	12,030.15	12,030.15	39,213.67	39,363.81	(150.14)
Excess (deficiency) of revenues over (under) expenditures	\$ 17.98	17.98	\$ 0.00	\$ (150.14)	\$ (150.14)
Transfer of net income to unreserved deficit					
FUND BALANCES, beginning of year		12,336.49		(293.71)	
FUND BALANCES, end of year		\$ 12,354.47		\$ (443.85)	

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Oberlin, 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 Oberlin, 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

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 December 31, 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) Fund Accounting

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:

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Fund Accounting (continued)

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:

General Fund - 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.

Special Revenue Funds - 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.

Debt Service Fund - 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.

Capital Projects Funds - 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:

Agency Funds - 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.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNT GROUPS

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 expended. Revenues susceptible to accrual are federal grants, interest on 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.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 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) Cash and Cash Equivalents

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

(7) Tenant Receivables

Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts amounting to \$ -0- at December 31, 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) General Fixed Assets

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.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 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.

(10) General Long-Term Debt

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.

(11) Compensated Absences

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.

(12) Total Columns on Combined Statements

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 December 31, 1998. The categories are described as follows:

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

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 33009.83	\$ 33,009.83	\$ 0.00	\$ 0.00

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1998

NOTE C - ACTIVITIES OF THE PHA

At December 31, 1998, the PHA was managing 18 units of low-rent in one project under Program FW — 474.

NOTE D - CONTINGENCIES

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:

	<u>Beg. of Period</u>		<u>Additions</u>		<u>Deletions</u>		<u>End of Period</u>
Land, land impvts.	\$ 80,864.14	\$		\$		\$	80,864.14
Buildings	625,975.46						625,975.46
Equipment	28,665.05						28,665.05
Total	<u>\$ 735,504.65</u>	\$	<u>0.00</u>	\$	<u>0.00</u>	\$	<u>735,504.65</u>

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.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1998

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

	Interest Rate		Principal Balance
Bond payable, December 1, 1962 series	.0325 %	\$	54,300.15

The bonds mature in series annually in varying amounts with the final maturity date in 2003. 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	\$	64,242.43
Principal retirement		9,942.28
Balance, end of period	\$	54,300.15

Schedule retirements of long-term debt is as follows:

1999	\$	10,324.68
2000		10,707.07
2001		11,089.47
2002		11,089.47
2003		11,089.46

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1998

NOTE G - 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 government by this governmental entity, a housing authority. 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 H - 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 I - 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.

NOTE J - YEAR 2000 COMPUTER CONVERSION

The PHA utilizes a fee accountant. The fee accountant has assessed the Year 2000 computer conversion issues. The fee accountant has recently purchased new computer hardware and software in anticipation of Year 2000. The software providers for the PHA's in-house software also appear to have addressed the Y2K issues.

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

CAPITAL PROJECT FUND TYPES
 COMBINING BALANCE SHEET
 DECEMBER 31, 1998

	<u>CIAP Housing Programs</u>	
	<u>CIAP 1996</u>	<u>Total</u>
ASSETS	\$	\$
Total Assets	<u>0.00</u>	<u>0.00</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Due to:		
Other funds	<u>443.85</u>	<u>443.85</u>
Total liabilities	<u>443.85</u>	<u>443.85</u>
FUND EQUITY		
Reserved for capital projects	<u>(443.85)</u>	<u>(443.85)</u>
Total fund equity	<u>(443.85)</u>	<u>(443.85)</u>
Total liabilities and fund equity	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

CAPITAL PROJECT FUND TYPES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 DECEMBER 31, 1998

	CIAP Housing Programs	
	CIAP 1996	Total
REVENUES		
Intergovernmental	\$ 39,213.67	\$ 39,213.67
Total Revenues	<u>39,213.67</u>	<u>39,213.67</u>
EXPENDITURES		
Capital expenditures	<u>39,363.81</u>	<u>39,363.81</u>
Total Expenditures	<u>39,363.81</u>	<u>39,363.81</u>
Excess (deficiency) of revenues over (under) expenditures	(150.14)	(150.14)
FUND BALANCE, beginning of year	<u>(293.71)</u>	<u>(293.71)</u>
FUND BALANCE, end of year	\$ <u><u>(443.85)</u></u>	\$ <u><u>(443.85)</u></u>

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

FIDUCIARY FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 1998

	<u>Agency Funds</u>	
	Tenant Security Deposit Funds	<u>Total Fiduciary Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,800.00	\$ 1,800.00
Total Assets	<u>\$ 1,800.00</u>	<u>\$ 1,800.00</u>
LIABILITIES		
Due to tenants	\$ 1,800.00	\$ 1,800.00
Total Liabilities	<u>\$ 1,800.00</u>	<u>\$ 1,800.00</u>

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

BALANCE SHEET – STATUTORY BASIS
DECEMBER 31, 1998ANNUAL CONTRIBUTION CONTRACT
FW – 474ASSETS

Cash - Exhibit F	\$	9,120.58
Investments - Note B		23,889.25
Debt amortization funds		12,354.47
Deferred charges		958.00
Land, structures and equipment		<u>910,218.50</u>
Total Assets	\$	<u>956,540.80</u>

LIABILITIES AND SURPLUS

Accounts payable	\$	1,782.63
Accrued liabilities		2,080.05
Fixed liabilities		<u>54,300.15</u>
Total Liabilities		58,162.83
Surplus - Exhibit C		<u>898,377.97</u>
Total Liabilities and Surplus	\$	<u>956,540.80</u>

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN
STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS
ANNUAL CONTRIBUTION CONTRACT
FW — 474

	Year Ended
	12-31-98
Operating Income	
Dwelling rental	\$ 22,416.01
Excess utilities	76.37
Interest on general fund investments	1,044.77
Other income	1,094.92
Total Operating Income - Exhibit D	24,632.07
Operating Expenses	
Administration	14,085.19
Utilities	1,691.83
Ordinary maintenance and operation	6,333.79
General expense	8,280.58
Total Operating Expense - Exhibit D	30,391.39
Net Operating Income (Loss)	(5,759.32)
Other Credits	
Prior year adjustments - affecting residual receipts	8,340.68
Total Other Credits	8,340.68
Other Charges	
Interest on notes and bonds payable	2,087.87
Total Other Charges	2,087.87
Net Loss - Exhibit C	\$ 493.49

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED DECEMBER 31, 1998ANNUAL CONTRIBUTION CONTRACT
FW — 474Unreserved Surplus

Balance per prior audit at 12-31-97	\$	(319,629.89)
Net loss for the year ended 12-31-98 - Exhibit B		493.49
(Provision for) reduction of Operating Reserve for year ended 12-31-98 - Exhibit D		(4,747.36)
Balance at 12-31-98		<u>(323,883.76)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 12-31-97		25,621.64
Provision for (reduction of) Operating Reserve for the year ended 12-31-98 - Exhibit D		4,747.36
Balance at 12-31-98 - Exhibit F	\$	<u>30,369.00</u>

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

ANALYSIS OF SURPLUS – STATUTORY BASIS
TWELVE MONTHS ENDED DECEMBER 31, 1998ANNUAL CONTRIBUTION CONTRACT
FW – 474Cumulative HUD Contributions

Balance per prior audit at 12-31-97	\$	603,144.60
Annual contribution for year ended 12-31-98 - Exhibit D		12,048.13
Operating subsidy for year ended 12-31-98		2,166.00
Balance at 12-31-98		<u>617,358.73</u>

Cumulative HUD Grants

Balance per prior audit at 12-31-97		535,140.33
Current year grants		<u>39,393.67</u>
Balance at 12-31-98		<u>574,534.00</u>
Total Surplus - Exhibit A	\$	<u><u>898,377.97</u></u>

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT

FW - 474

	<u>Year Ended</u>
	<u>12-31-98</u>
<u>Computation of Residual Receipts</u>	
<u>Operating Receipts</u>	
Operating Income - Exhibit B	\$ 24,632.07
HUD operating subsidy	2,166.00
Prior year adjustments - affecting residual receipts	8,340.68
Total Operating Receipts	<u>35,138.75</u>
<u>Operating Expenditures</u>	
Operating expenses - Exhibit B	<u>30,391.39</u>
Total Operating Expenditures	<u>30,391.39</u>
Residual receipts (deficit) per audit before provision for reserve	4,747.36
Audit adjustments (backed out)	<u> </u>
Residual receipts per PHA before provision for reserve	4,747.36
(Provision for) or reduction of operating reserve - Exhibit C	<u>(4,747.36)</u>
Residual receipts per PHA	<u>\$ 0.00</u>

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
FW - 474

	<u>Year Ended</u> <u>12-31-98</u>
<u>Computation of Accruing Annual Contributions</u>	
Fixed annual contribution	\$ <u>12,048.13</u>
Total Annual Contribution - Exhibit C	\$ <u><u>12,048.13</u></u>

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN
 STATEMENT OF MODERNIZATION COSTS — UNCOMPLETED
 DECEMBER 31, 1998

		Project 1996
Funds Approved	\$	<u>174,450.00</u>
Funds Expended		<u>174,450.00</u>
Excess of Funds Approved	\$	<u><u>0.00</u></u>
Funds Advanced	\$	174,270.00
Funds Expended		<u>174,713.85</u>
Excess of Funds Advanced - Exhibit F	\$	<u><u>(443.85)</u></u>

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

ANALYSIS OF GENERAL FUND CASH BALANCE

ANNUAL CONTRIBUTION CONTRACT

FW — 474Composition Before Adjustments

Net operating receipts retained:

Operating reserves - Exhibit C	\$	30,369.00
Deficient modernization funds - Exhibit E		(443.85)
Audit adjustments to net operating receipts		540.00
		<u>30,465.15</u>

Adjustments

Expenses/costs not paid:

Accounts payable		1,779.36
Accrued payments in lieu of taxes		2,080.05
Current imbalance		(360.00)

Income not received:

Accounts receivable		<u>3.27</u>
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General Fund Cash Available

33,967.83

General Fund Cash:

Invested		(23,889.25)
Applied to deferred charges (prepaid insurance, inventories, etc.)		<u>(958.00)</u>

General Fund Cash - Exhibit A

\$ 9,120.58

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 1998

<u>FEDERAL GRANTOR</u> <u>PROGRAM TITLE</u>	<u>CDFA</u> <u>NO.</u>	<u>GRANT</u> <u>ID NO.</u>	<u>AWARD</u> <u>AMOUNT</u>	<u>PROGRAM</u> <u>EXPENDITURES</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Low-Income Housing				
Annual Contribution	14.850	FW- 474	\$ 12,048.13	\$ 12,048.13 1/
Operating Subsidy	14.850	FW- 474	2,166.00	2,166.00
Major Program Total			<u>14,214.13</u>	<u>14,214.13</u>
Comprehensive Improvement Assistance Program				
Project 1996	14.852	FW- 474	<u>39,363.67</u>	<u>39,363.67</u>
Major Program Total			<u>39,363.67</u>	<u>39,363.67</u>
Total HUD			<u>\$ 53,577.80</u>	<u>\$ 53,577.80</u>

1/ The Housing Authority of Oberlin is indebted to the Department of Housing and Urban Development for \$54,300.15 at December 31, 1998.

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

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MIKE ESTES, CPA/PFS, CFP

MEMBER
AMERICAN BOARD CERTIFIED
PUBLIC ACCOUNTANTS

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

Housing Authority of the
Town of Oberlin
Oberlin, Louisiana

We have audited the financial statements of the Housing Authority of the Town of Oberlin, Louisiana as of and for the year ended December 31, 1998, and have issued our report thereon dated May 19, 1999. 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 Oberlin, 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 Oberlin, 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

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

control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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, and is not intended to be and should not be used by anyone other than there specified parties.

Mike Estes P.C.

Fort Worth, Texas

May 19, 1999

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

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

DECEMBER 31, 1998

Prior Audit Findings and Questioned Cost

There were no prior audit findings.

Current Audit Findings

Questioned
Cost

Procurement

1> For the 96 CIAP program, in 1998 the PHA spent \$5,558 for fencing. Both the PHA's procurement policy and Louisiana Statute 38:2212 requires that purchases of \$5,000 or more shall be made only after obtaining at least three price quotes.

Recommendation

The Executive Director claims that she obtained three quotes, but has misplaced the paperwork. The E.D. is doing an excellent job, but price quote documentation needs to be kept for third party review.

Reply

In the future I will comply with the above. As noted above, I obtained three quotes and we used the lowest - I've misplaced the paperwork on the other quotes.

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

HOUSING AUTHORITY OF THE TOWN OF OBERLIN

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

DECEMBER 31, 1998

		ACCT. # FOR AUDIT REPORT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
<1>	Unreserved surplus	2810		540.00	2810
	Operating Reserve	2820	540.00		2820

To post 12-31-97 audit adjustment that was not posted
by client - corrected closing 1997 JV #792

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