

HOUSING AUTHORITY OF OBERLIN

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA
(UNAUDITED)**

TWELVE MONTHS ENDED DECEMBER 31, 2010

Mike Estes, P.C.
A Professional Accounting Corporation

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
<u>Basic Financial Statements</u>		
Compilation Report		1
Basic Financial Statements		
Statement of Net Assets	A	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B	3
Statement of Cash Flows	C	4 – 5
Notes to the Basic Financial Statements		6 – 14
Index		6
Notes to Financial Statements		7 – 14
Independent Accountant’s Report on Applying Agreed – Upon Procedures		15 – 17
Summary Schedule of Findings and Questioned Costs		18
<u>Supplementary Information</u>		
Statement of Modernization Costs – Uncompleted	D	19
Schedule of Expenditures of Federal Awards		20
Notes to the Schedule of Expenditures of Federal Awards		21

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4200 AIRPORT FREEWAY – SUITE 100
FORT WORTH, TEXAS 76117

MIKE ESTES, CPA

(817) 831-3553
(817) 831-3560
e-mail: office@mikeestepc.com
website: mikeestepc.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

Board of Commissioners
Housing Authority of Oberlin
Oberlin, Louisiana

We have compiled the accompanying basic financial statements of the Housing Authority of the Town of Oberlin, Louisiana, for the year ended December 31, 2010, which collectively comprise the Housing Authority of the Town of Oberlin, Louisiana's basic financial statements as listed in the table of contents, and the accompanying supplementary information, which are presented for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplemental schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required, to be a part of the basic financial statements.

Mike Estes, P.C.
Fort Worth, Texas
June 27, 2011

HOUSING AUTHORITY OF OBERLIN
STATEMENT OF NET ASSETS

DECEMBER 31, 2010

ASSETS

Current assets

Cash and cash equivalents	\$	43,550
Prepaid items and other assets		2,276
Inventory		2,697
Restricted assets - cash and cash equivalents		1,800
		<hr/>
Total Current Assets		50,323
		<hr/>

Capital Assets, net

Land and other non-depreciated assets		18,333
Other capital assets - net of depreciation		172,357
		<hr/>
Total Capital Assets, net		190,690
		<hr/>

Total Assets	\$	241,013
		<hr/> <hr/>

LIABILITIES

Current Liabilities

Accounts payable	\$	1,306
Deferred revenue		218
Accrued PILOT		9,009
Deposits due others		1,800
		<hr/>
Total Current Liabilities		12,333
		<hr/>

Noncurrent Liabilities

Total Liabilities		0
		<hr/>
		12,333
		<hr/>

NET ASSETS

Invested in capital assets, net of related debt		190,690
Unrestricted		37,990
		<hr/>
Net Assets		228,680
		<hr/>
Total Liabilities and Net Assets	\$	241,013
		<hr/> <hr/>

See accompanying notes and accountants' report.

HOUSING AUTHORITY OF OBERLIN
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED DECEMBER 31, 2010

OPERATING REVENUES	
Dwelling rental	\$ 34,799
Governmental operating grants	49,408
Other	1,464
	<hr/>
Total Operating Revenues	85,671
	<hr/>
OPERATING EXPENSES	
Administration	50,891
Tenant services	60
Utilities	1,654
Ordinary maintenance & operations	21,444
General expenses	15,472
Depreciation	29,494
	<hr/>
Total Operating Expenses	119,015
	<hr/>
Income (loss) from Operations	(33,344)
	<hr/>
Non Operating Revenues (Expenses)	
Interest earnings	8
	<hr/>
Total Non-Operating Revenues (Expenses)	8
	<hr/>
Income (loss) before contribution	(33,336)
	<hr/>
Capital Contribution	3,360
	<hr/>
Change in net assets	(29,976)
	<hr/>
Total net assets - beginning	258,656
	<hr/>
Total net assets - ending	\$ 228,680
	<hr/> <hr/>

See accompanying notes and accountants' report.

HOUSING AUTHORITY OF OBERLIN
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 33,340
Other receipts	4,720
Federal grants	52,768
Payments to vendors	(42,162)
Payments to employees – net	(48,015)
	<hr/>
Net cash provided (used) by operating activities	651
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	7
	<hr/>
Net cash provided (used) by investing activities	7
	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	658
CASH AND CASH EQUIVALENTS	
Beginning of Fiscal Year	44,692
	<hr/>
CASH AND CASH EQUIVALENTS	
End of Fiscal Year	\$ 45,350
	<hr/> <hr/>

Continued

HOUSING AUTHORITY OF OBERLIN
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

**PROVIDED (USED) BY OPERATING
ACTIVITIES**

Operating income (loss)	\$	(29,984)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense		29,494
Allowance for doubtful accounts		450
Change in assets and liabilities:		
Receivables		(327)
Accounts payable		604
Accrued PILOT		3,299
Inventories		(2,697)
Prepaid items		852
Security deposit		(200)
Deferred revenue		(840)
Net cash provided (used) by operations	\$	<u>651</u>

Concluded

HOUSING AUTHORITY OF OBERLIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

INDEX

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7
A. REPORTING ENTITY	7
B. FUNDS.....	8
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.....	8
D. CASH AND CASH EQUIVALENTS	9
E. INVESTMENTS	9
F. REVENUE RECOGNITION.....	9
G. INVENTORY	9
H. PREPAID ITEMS	9
I. CAPITAL ASSETS	10
J. DEFERRED REVENUES	10
K. POST EMPLOYMENT BENEFITS	10
L. RESTRICTED NET ASSETS	10
M. USE OF ESTIMATES	10
NOTE 2 – DEPOSITS AND INVESTMENTS	10
NOTE 3 – ACCOUNTS RECEIVABLE.....	11
NOTE 4 – CAPITAL ASSETS.....	12
NOTE 5 – ACCOUNTS PAYABLE	12
NOTE 6 – RETIREMENT SYSTEM.....	13
NOTE 7 – COMMITMENTS AND CONTINGENCIES	13
NOTE 8 – ECONOMIC DEPENDENCE	14

HOUSING AUTHORITY OF OBERLIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the Town of Oberlin have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Oberlin, serve staggered multi-year terms.

The Housing Authority has the following units:

Program	Contract Number	Number Of Units
PHA owned housing	648	18

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the Town of Oberlin since the Town of Oberlin appoints a voting majority of the Housing Authority’s governing board. The Town of Oberlin is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Oberlin. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Oberlin.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

HOUSING AUTHORITY OF OBERLIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the Housing Authority to impose its will on that organization's body, and:
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Housing Authority.
2. Organizations for which the Housing Authority does not appoint a voting majority but are fiscally dependent on the Housing authority.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the Public Housing Low Rent program and the Capital Fund program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF OBERLIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

D. CASH AND CASH EQUIVALENTS Cash equivalents include amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

On the Statement of Cash Flows, cash and cash equivalents, end of year, is \$45,350. This is comprised of cash and cash equivalents of \$43,550 and restricted assets – cash of \$1,800 on the statement of net assets.

E. INVESTMENTS Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider markets rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

F. REVENUE RECOGNITION Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual – that is, when they become *measurable* and *available* to the finance expenditures of the fiscal period. "Available" is determined as collectible within the 12 months of the fiscal year or soon enough thereafter to be used in pay liabilities of the current period.

G. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out method. Acquisitions of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

H. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

HOUSING AUTHORITY OF OBERLIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

I. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demand. Straight-line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and fixtures	5 to 7 years
Computers	3 years

J. DEFERRED REVENUES The Housing Authority reports deferred revenues on its balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

K. POST EMPLOYMENT BENEFITS The Authority does not recognize or pay any post employment benefits. Accordingly, Governmental Accounting Standards Board (GASB) Statement Number 45 does not apply.

L. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at December 31, 2010. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

HOUSING AUTHORITY OF OBERLIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

Credit Rate Risk: GASB 40 disclosure of credit rate risk does not apply, since the Authority's only investments are certificates of deposit.

Custodial Credit Risk: The Authority's policy requires the financial institution to cover the first \$250,000 of deposits with FDIC coverage. Any excess deposits must be collateralized with securities held by the pledging financial institution, with a fair market value that equals or exceeds the amount of excess deposits.

Restricted Cash: \$1,800 is restricted in the General Fund for security deposits.

At December 31, 2010, the Housing Authority's carrying amount of deposits was \$45,266 and the bank balance was \$45,462. Petty cash and the change fund totals \$85. Of the bank balance, the entire amount is covered by FDIC insurance.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at December 31, 2010, are as follows:

<u>Class of Receivables</u>	
Local sources:	
Tenants	\$ 575
	<hr/>
Total	\$ 575
	<hr/> <hr/>

The tenants account receivable is net of an allowance for doubtful accounts of \$575.

HOUSING AUTHORITY OF OBERLIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

NOTE 4 – CAPITAL ASSETS The changes in capital assets are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land	\$ 7,594	\$ 0	\$ 0	\$ 7,594
Construction in progress	10,739	0	0	10,739
Depreciable assets:				
Buildings	982,399	0	0	982,399
Furniture and equipment	63,711	0	19,063	44,648
Total capital assets	1,064,443	0	19,063	1,045,380
Less: accumulated depreciation				
Buildings	796,294	29,494	0	825,788
Furniture and equipment	47,965	0	19,063	28,902
Total accumulated depreciation	844,259	29,494	19,063	854,690
Total capital assets, net	\$ 220,184	\$ (29,494)	\$ 0	\$ 190,690

NOTE 5 – ACCOUNTS PAYABLE The payables at December 31, 2010 are as follows:

Vendors	\$ 982
Payroll taxes & Retirement withheld	324
Total	\$ 1,306

HOUSING AUTHORITY OF OBERLIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

NOTE 6 – RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan the first day of the month after completion of one month of continuous employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5% of his effective compensation, and may make additional contributions. The employer is required to make monthly contributions equal to 8.5% of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before ten (10) years of service or before their 65th birthday are used to offset future contributions of the Housing Authority.

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the Housing Renewal and Local Agency Retirement Plan may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority made the required contributions of \$1,779 for the year ended December 31, 2010, of which \$1,121 was paid by the Housing Authority and \$658 was paid by employees. No payments were made out of the forfeiture account.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are periodically subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

Construction Projects There are certain renovation or construction projects in progress at December 31, 2010. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Risk Management The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

HOUSING AUTHORITY OF OBERLIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

The Housing Authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

This includes coverage of property, general liability, public liability, and worker's compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the PHA's premiums and deductions are met.

Louisiana State law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council Group Self Insured Fund (LHC) risk pool is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

Coverage has not significantly changed from the previous year and settlements for each of the past three years have not exceeded insurance coverage.

NOTE 8 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$52,768 to the Housing Authority, which represents approximately 60% of the Housing Authority's total revenue and capital contributions for the year.

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4200 AIRPORT FREEWAY – SUITE 100
FORT WORTH, TEXAS 76117

MIKE ESTES, CPA

(817) 831-3553
(817) 831-3560
e-mail: office@mikeestespc.com
website: mikeestespc.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

Independent Accountant's Report
on Applying Agreed-Upon Procedures

Board of Commissioners
Housing Authority of Oberlin
Oberlin, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Housing Authority of the Town of Oberlin, Louisiana solely to assist the users in evaluating management's assertions about compliance with certain laws and regulations during the year ended December 31, 2010. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$20,000. We examined documentation which indicated that this expenditure had been properly advertised and accepted in accordance with the provisions of LAS-RS 38:2211-2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

1. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

2. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on December 17, 2009 which indicated that the budget had been adopted by the commissioners by unanimous consensus. No amendments were made to the budget during the year.

3. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues were within 5% of budgeted amounts. Expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select a minimum of 6 disbursements made during the period under examination and:

- a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the twenty selected disbursements (excluding payroll that was also reviewed) and found that payment was for the proper amount and made to the correct payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and
All of the payments were properly coded to the correct fund and general ledger account.

- c) determine whether payments received approval from proper authorities.

Inspection documentation supporting each of the twenty (20) selected disbursements indicated approvals from the Executive Director and the chairman of the Board of Commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law). The PHA is publishing the proceedings of its meetings in a local newspaper.

The Housing Authority of the Town of Oberlin is only required to post a notice of each meeting and the accompanying agenda on the door of the PHA's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Debt

10. Examine bank deposits for the period under examination to determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances or gifts.

A reading of the minutes of the Authority for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances or gifts.

Our prior year report, dated May 10, 2010 did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for use of management of the Housing Authority and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mike Estes, P. C.
Fort Worth, Texas
June 27, 2011

HOUSING AUTHORITY OF OBERLIN
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2010

Prior Findings

None

Current Findings

None

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF OBERLIN
STATEMENT OF MODERNIZATION COSTS – UNCOMPLETED

YEAR ENDED DECEMBER 31, 2010

CASH BASIS

	2007 Capital Fund	2008 Capital Fund	2009 Capital Fund
Funds approved	\$ 29,264	\$ 28,651	\$ 28,501
Funds expended	12,929	9,264	15,793
Excess of funds approved	\$ 16,335	\$ 19,387	\$ 12,708
Funds advanced	\$ 12,929	\$ 9,264	\$ 15,793
Funds expended	12,929	9,264	15,793
Excess of funds advanced	\$ 0	\$ 0	\$ 0

HOUSING AUTHORITY OF OBERLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2010

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 49,408
Capital Fund Cluster		
Capital Fund Program	14.872	3,360
Total Capital Fund Cluster		3,360
Total United States Department of Housing and Urban Development		\$ 52,768
Total Expenditures of Federal Awards		\$ 52,768

HOUSING AUTHORITY OF OBERLIN
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2010

NOTE 1 – GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the Town of Oberlin, Louisiana (the “Housing Authority”). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority’s basic financial statements.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority’s basic financial statements as follows:

		Federal Sources
Enterprise funds:		
Governmental operating grants	\$	49,408
Capital contributions		3,360
Total	\$	52,768

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.