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**HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 APR 12 2000

*WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION*

415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471

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CORRECTIVE ACTION PLAN

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

**BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF CITY OF BOGALUSA
BOGALUSA, LOUISIANA 70592**

I have audited the accompanying general purpose financial statements of the Housing Authority of the City of Bogalusa (PHA) as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 required that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Bogalusa as of September 30, 1999, and the results of its operations and changes in its total equity for the year ended in conformity with generally accepted accounting principles.

As described in Note A to the financial statements, the PHA has changed from the Governmental Funds to the Enterprise Funds method for the year ended September 30, 1999.

In accordance with Government Auditing Standards, I have also issued a report dated February 24, 2000 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants.

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

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



William Daniel McCaskill, CPA

A Professional Accounting Corporation

February 24, 2000

Housing Authority of the City of Bogalusa
COMBINED BALANCE SHEET -- ALL FUNDS
September 30, 1999

EXHIBIT A

ALL FUNDS

ASSETS

Current assets:

| | |
|------------------------------------|------------|
| Cash and cash equivalents | 357,281.00 |
| Cash with fiscal agent | - |
| Accrued interest receivable | 1,354.00 |
| Due from U.S. Department of HUD | 30,493.00 |
| Prepaid expenses and other assets | 27,078.00 |
| Inventories | 54,954.00 |
| | ----- |
| Total current assets | 471,160.00 |

| | |
|--------------------|--------------|
| Fixed assets (net) | 2,311,426.00 |
| | ----- |

| | |
|--------------|--------------|
| Total assets | 2,782,586.00 |
| | ===== |

LIABILITIES AND FUND EQUITY

Current liabilities:

| | |
|---------------------------------------------|------------|
| Accounts Payable and accrued liabilities | 73,036.00 |
| Security Deposits | 44,470.00 |
| Current portion of long-term debt | - |
| | ----- |
| Total current liabilities | 117,506.00 |

Noncurrent liabilities:

| | |
|-----------------------------------------|------------|
| Homeownership funds held for tenants | - |
| Accrued vacation pay | - |
| Noncurrent portion of long-term debt | - |
| | ----- |
| Total liabilities | 117,506.00 |

Fund equity:

| | |
|---------------------------|--------------|
| Contributed capital (net) | 2,311,426.00 |
| Retained earnings | 353,654.00 |
| | ----- |
| Total fund equity | 2,665,080.00 |
| | ----- |

| | |
|--------------------------------------|--------------|
| Total liabilities and fund equity | 2,782,586.00 |
| | ===== |

see notes to financial statements

Housing Authority of the City of Bogalusa
 COMBINED STATEMENT OF REVENUES, EXPENSE AND
 CHANGES IN RETAINED EARNINGS--ALL FUNDS
 For the year Ended September 30, 1999

EXHIBIT B

| | |
|------------------------------------------------|-----------------|
| Operating revenues: | |
| Dwelling rental | 405,065.00 |
| Tenant revenue-other | 130,066.00 |
| Interest income | 11,983.00 |
| Other income | 24,879.00 |
| HUD PHA grants | 1,166,932.00 |
| | ----- |
| Total operating revenues | 1,738,925.00 |
| | ----- |
| Operating expenses: | |
| Adminstration | 649,127.00 |
| Tenant services | 5,150.00 |
| Utilities | 275,171.00 |
| Ordinary maintenance | 316,303.00 |
| General expense | 172,685.00 |
| Protective services | - |
| Casualty losses-noncapitalized | 17,018.00 |
| Housing assistance payments | 284,458.00 |
| Capital Expenditures | - |
| | ----- |
| Operating expenses before depreciation | 1,719,912.00 |
| | ----- |
| Operating income/(loss) before depreciation | 19,013.00 |
| Depreciation expense | 516,081.00 |
| Net operating income/(loss) after depreciation | (497,068.00) |
| | |
| Retained earnings (operating reserve), 9-30-98 | 373,695.00 |
| Add: HUD--REAC prior year GAAP adjustments | (39,054.00) |
| Operating income/(loss) before depreciation | 19,013.00 |
| | ----- |
| Retained earnings (operating reserve), 9-30-99 | 353,654.00 |
| | ----- |
| Net HUD contribution, 9-30-98 | 12,721,717.00 |
| Current year addition and REAC adjustments | (10,410,291.00) |
| | ----- |
| Net HUD contribution, 9-30-99 | 2,311,426.00 |
| | |
| Total Equity, 9-30-99 | 2,665,080.00 |
| | ===== |

see notes to financial statements

Housing Authority of the City of Bogalusa
COMBINED STATEMENT OF CASH FLOWS -- ALL FUNDS
For the Year Ended September 30, 1999

EXHIBIT C
page 1 of 2

| | |
|------------------------------------------------------------|----------------|
| Cash flows from operating activities: | |
| Cash received from tenants | 535,131.00 |
| Cash received from other income | 24,879.00 |
| Cash paid for goods and services | (1,058,935.00) |
| Cash paid to employees | (232,691.00) |
| | ----- |
| Net cash provided by operating activities | (731,616.00) |
| | ----- |
| Cash flows from noncapital financing activities: | |
| Operating subsidies | 421,019.00 |
| | ----- |
| Cash flows from capital and related financing activities: | |
| Proceeds from the HUD | 428,286.00 |
| Acquisition of capital assets | (428,286.00) |
| Proceeds from sale of equipment | |
| | ----- |
| Net cash used for capital and related financing activities | - |
| | ----- |
| Cash flows from investing activities: | |
| Interest on investments | 11,983.00 |
| | ----- |

see notes to financial statements

Housing Authority of the City of Bogalusa
COMBINING STATEMENT OF CASH FLOWS--ALL FUNDS
For the Year Ended September 30, 1999

EXHIBIT C
page 2 of 2

Reconciliation of operating income to net cash provided by operating activities:

Adjustments to reconcile

operating income to net cash

| | |
|--------------------------------------------------------------------|--------------|
| Net HUD -REAC Adjustments-Non Cash | (166,640.91) |
| Depreciation | 516,081.00 |
| (Increase) decrease in tenant rents receivable | 41,175.76 |
| (Increase) decrease due from U.S. Department of HUD | (30,493.00) |
| (Increase) decrease in supplies inventory | (1,464.49) |
| (Increase) decrease in prepaid insurance | (3,116.85) |
| (Increase) decrease in accounts payable and accrued liabilities | (28,230.24) |
| (Increase) decrease in security deposits | (195.00) |
| (Increase) decrease in accrued vacation pay | 22,384.00 |
| (Increase) decrease in accounts receivable | 35,510.29 |
| | ----- |
| Total adjustments | 385,010.56 |
| | ----- |
| Change in cash and equivalents | 86,396.56 |
| Beginning Cash | 270,884.44 |
| | ----- |
| Cash and equivalents end of year - Exhibit A | 357,281.00 |

see notes to financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS--BUDGET VS. ACTUAL
 GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 1999

| REVENUES | LOW RENT | | | SPECIAL REVENUE | | Favorable Variance |
|---------------------------------------------------|------------|-------------|-----------------------|-----------------|------------|-----------------------|
| | Budget | Actual | Favorable Variance | Budget | Actual | |
| Local Sources: | | | | | | |
| Dwelling Rental | 369,640.00 | 405,065.00 | 35,425.00 | 0.00 | 0.00 | 0.00 |
| Other revenues from tenants | 95,000.00 | 130,066.00 | 35,066.00 | - | - | 0.00 |
| Interest Charges | 7,310.00 | 9,538.00 | 2,226.00 | 0.00 | 2,447.00 | 2,447.00 |
| Receipts from the Sale of Equipment | | | | | | |
| Other | 6,950.00 | 24,795.00 | 17,845.00 | 0.00 | 84.00 | 84.00 |
| Federal Sources: | | | | | | |
| Operating Subsidy | 421,019.00 | 421,019.00 | 0.00 | | | - |
| Annual Contributions | | | | 317,627.00 | 317,627.00 | |
| Grants | | | | | | |
| Total Revenues | 899,919.00 | 990,481.00 | 90,562.00 | 317,627.00 | 320,158.00 | 2,531.00 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Administration | 168,110.00 | 191,202.00 | -23,092.00 | 24,566.00 | 29,638.00 | (5,072.00) |
| Utilities | 292,730.00 | 275,171.00 | 17,559.00 | 0.00 | 0.00 | - |
| Ordinary Maintenance & Operations | 264,870.00 | 316,303.00 | -51,633.00 | 0.00 | 0.00 | - |
| Tenant Services | 8,500.00 | 5,150.00 | 3,350.00 | 0.00 | 0.00 | - |
| General Expenditures | 163,920.00 | 169,266.00 | -5,346.00 | 0.00 | 3,420.00 | (3,420.00) |
| Casualty Losses | 0.00 | 17,018.00 | -17,018.00 | 0.00 | 0.00 | - |
| Housing Assistance Payments | | | | 201,940.00 | 284,458.00 | (82,518.00) |
| Facilities Acquisition & Construction | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - |
| Debt Service: | | | | | | |
| Principal Retirement | | | | | | |
| Interest & Bank Charges | | | | | | |
| Total Expenditures | 897,930.00 | 974,110.00 | (76,180.00) | 226,506.00 | 317,516.00 | (91,010.00) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,989.00 | 16,371.00 | 14,382.00 | 91,121.00 | 2,642.00 | (88,479.00) |
| HUD REAC prior year GAAP adjustments | 0.00 | 36,575.00 | (36,575.00) | 0.00 | 2,479.00 | (2,479.00) |
| Total REAC prior year GAAP adjustments | 0.00 | 36,575.00 | (36,575.00) | 0.00 | 2,479.00 | (2,479.00) |
| NET EXCESS (DEFICIENCY) OF REVENUES | 1,989.00 | (20,204.00) | 22,193.00 | 91,121.00 | 163.00 | 90,958.00 |
| RETAINED EARNINGS AT BEGINNING OF YEAR | 348,925.00 | 348,925.00 | - | 24,770.00 | 24,770.00 | - |
| RETAINED EARNINGS AT END OF YEAR | 350,914.00 | 328,721.00 | 22,193.00 | 115,891.00 | 24,933.00 | 90,958.00 |

see notes to financial statements

THE HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

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

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the PHA and its component units, entities for which the PHA is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the PHA's operations and data from these units, if any are combined with data of the PHA. Each discretely presented component, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the PHA. As of September 30, 1999, and for the fiscal then ended, the PHA had no discretely presented component units or any component units required to be blended in these financial statements.

(2) Change in Accounting Principle

For the year ended September 30, 1999, the PHA has changed from the Government Funds Method to the Enterprise Method. This change was strongly recommended by the Real Estate Assessment Center (REAC) of the Department of HUD.

The Enterprise Funds Method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The Enterprise Fund recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable. In the prior method used, the Governmental Funds Method, the modified accrual method was necessary.

Depreciation expense must be recognized for the Enterprise Fund. Under the Governmental Funds Method, depreciation was optional and the PHA elected not to recognize it.

REAC suggests that accumulated depreciation be charged to HUD Capital Contributions, not Retained Earnings. REAC directs that soft costs from development and modernization be deleted from fixed assets and charged to HUD Capital Contributions.

REAC also directs PHA's to deleted outstanding debt owed to HUD, annual contributions and debt amortization funds receivable due from HUD, and close tem to HUD Capital Contributions.

The amount of the September 30, 1999 operating reserve becomes the beginning retained earnings. These is no cumulative effect on beginning retained earnings resulted from the accounting method change.

(3) Budgetary Data

The PHA is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

The PHA 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.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables or depreciation. The budget does reflect furniture and equipment additions from operations.

(4) Cash and Cash Equivalents

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

(5) Tenant Receivables

Receivables for rental and service charges are reported in the General Fund, net of allowances for doubtful accounts.

(6) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

NOTE B -- CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is entity's policy for deposits to be secured by collateral valued at market or par, which 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 September 30, 1999. 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, uninsured and unregistered, but with securities held by the bank, its agent, pledged to the PHA, but not in the PHA's name.

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

| Total Bank Balances | Category | | |
|------------------------|----------|---|---|
| | 1 | 2 | 3 |
| \$357,281 | 357,281 | | |

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with 10 days of being notified by the PHA that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C -- ACTIVITIES OF THE PHA

At September 30, 1999, the PHA was managing 340 units of low-rent under FW-1053 and 82 Section 8 units under FW-2136.

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 -- FIXED ASSETS

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

| | |
|------------------------|--------------|
| Site improvements | 15 Years |
| Buildings | 33 Years |
| Building improvements | 15 Years |
| Nondwelling structures | 15 Years |
| Equipment | 3 to 7 Years |

LOW RENT DEPRECIATION

| | 9-30-99 Cost | 9-30-98 Accumulated Depreciation | Current Depreciation | 9-30-99 Net Asset Value |
|----------------------------|---------------------|----------------------------------------|-------------------------|-------------------------------|
| Land | 237,721 | | | 237,721 |
| Buildings and Improvements | 9,527,914 | 7,862,750 | 410,616 | 1,254,548 |
| Dwelling Equipment | 174,645 | 131,441 | 19,212 | 24,042 |
| Other Equipment | 43,418 | 16,724 | 6,805 | 19,889 |
| Leasehold Improvements | 788,381 | 561,735 | 36,525 | 190,121 |
| | <u>\$10,772,128</u> | <u>8,572,650</u> | <u>473,158</u> | <u>1,726,321</u> |

SECTION 8 DEPRECIATION

| | 9-30-99 Cost | 9-30-98 Accumulated Depreciation | Current Depreciation | 9-30-99 Net Asset Value |
|-----------|-----------------|----------------------------------------|-------------------------|-------------------------------|
| Equipment | 2,284 | 2,284 | 0.00 | 0.00 |
| | <u>\$ 2,284</u> | <u>2,284</u> | <u>0.00</u> | <u>0.00</u> |

CGP DEPRECIATION

| | Cost | 9-30-98 Accumulated Depreciation | Current Depreciation | 9-30-99 Net Asset Value |
|----------------------------|-------------------|----------------------------------------|-------------------------|-------------------------------|
| Buildings and Improvements | 660,601 | 109,846 | 42,922 | 507,833 |
| Building Equipment | 46,552 | | | 46,552 |
| Other Equipment | 30,720 | | | 30,720 |
| | <u>\$ 737,873</u> | <u>109,846</u> | <u>42,922</u> | <u>585,105</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.

NOTE F -- LONG-TERM DEBT

As noted in Note A, long-term debt owed to HUD has been closed to HUD Capital Contributions. For the year ended Month date, year, Housing Agency bonds outstanding of \$0.00. Were closed to capital contributions.

NOTE G -- RETIREMENT PLAN

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 employees contribute 5% and the entity contributes 8% 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.

The entity's total payroll in fiscal year ended September 30, 1999 was \$232,691. The entity's contributions were calculated using the base salary amount of \$232,691. Contributions to plan were \$11,634.55 and \$18,615.28 by the employee and the entity, respectively.

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.

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.

Housing Authority of The City of Bogalusa
 Bogalusa, La.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended 9-30-99

SCHEDULE I

| FEDERAL AGENCY: | CFDA NO. | Federal Award Expenditures |
|------------------------------------------------------------------|-------------|-------------------------------|
| U S Department of Housing and Urban Development Direct Programs: | | |
| Low Income Housing: | | |
| Operating Subsidy | | 421,019.00 |
| Leased | | |
| Development | | |
| Total Low Income Housing | 14.850 | 421,019.00 |
| Section 8 Cluster: | | |
| Vouchers | 14.855 | 80,843.00 |
| Certificates | 14.857 | 236,784.00 |
| Moderate Rehabilitation | 14.856 | |
| New Construction | 14.182 | |
| Substantial Rehabilitation | 14.182 | |
| Total Section 8 Cluster | | 317,627.00 |
| Comprehensive Grants | 14.859 | 428,521.48 |
| CIAP | 14.852 | ----- |
| Public Housing Drug Elimination Program: | | |
| PHDEP | | |
| Youth Sports | | |
| Total PHDEP | 14.854 | ----- |
| Shelter + Care | 14.238 | ----- |
| HOPE | 14.858 | ----- |
| HOME | 14.239 | ----- |
| Child Care Food Program (USDA) | 10.558 | ----- |
| TOTAL FEDERAL EXPENDITURES | | 1,167,167.48 ===== |

NOTE: This schedule of expenditures of federal awards is prepared on governmental GAAP basis of accounting.

see notes to financial statements

| Account Description | Line Item 14.850 | Tenants | Certificates | SP 4.29 | TOTAL |
|-------------------------------------------------------------------|------------------|--------------|----------------|----------------|------------------|
| ASSETS: | | | | | |
| CURRENT ASSETS: | | | | | |
| Cash: | | | | | |
| Cash - unrestricted | 225,390 | - | 131,891 | - | 357,281 |
| Cash - restricted - modernization and dev | - | - | - | - | - |
| Cash - other restricted | - | - | - | - | - |
| Cash - tenant security deposits | - | - | - | - | - |
| Total cash | 225,390 | - | 131,891 | - | 357,281 |
| Accounts and notes receivables: | | | | | |
| Accounts receivable - PHA projects | - | - | - | - | - |
| Accounts receivable - HUD other projects | 30,493 | - | - | - | 30,493 |
| Accounts receivable - other government | - | - | - | - | - |
| Accounts receivable - miscellaneous | - | - | - | - | - |
| Accounts receivable- tenants - dwelling rents | 16,909 | - | - | - | 16,909 |
| Allowance for doubtful accounts - dwelling rents | (16,909) | - | - | - | (16,909) |
| Allowance for doubtful accounts - other | - | - | - | - | - |
| Notes and mortgages receivable- current | - | - | - | - | - |
| Fraud recovery | - | - | - | - | - |
| Allowance for doubtful accounts - fraud | - | - | - | - | - |
| Accrued interest receivable | 1,271 | - | 83 | - | 1,354 |
| Total receivables, net of allowances for doubtful accounts | 31,764 | - | 83 | - | 31,847 |
| Current investments | | | | | |
| Investments - unrestricted | - | - | - | - | - |
| Investments - restricted | - | - | - | - | - |
| Prepaid expenses and other assets | | | | | |
| Inventories | 27,078 | - | - | - | 27,078 |
| Allowance for obsolete inventories | 54,954 | - | - | - | 54,954 |
| Interprogram - due from | 89,091 | 3,827 | (92,918) | - | - |
| Amounts to be provided | - | - | - | - | - |
| TOTAL CURRENT ASSETS | 428,277 | 3,827 | 39,056 | - | 471,160 |
| NONCURRENT ASSETS: | | | | | |
| Fixed assets: | | | | | |
| Land | 237,721 | - | - | - | 237,721 |
| Buildings | 9,527,913 | - | 660,600 | - | 10,188,513 |
| Furniture, equipment & mach. - dwellings | 174,695 | - | 46,552 | - | 221,247 |
| Furniture, equipment & mach. - admin. | 43,419 | - | 2,284 | 30,721 | 76,424 |
| Leasehold improvements | 788,381 | - | - | - | 788,381 |
| Accumulated depreciation | (9,045,808) | - | (2,284) | (152,768) | (9,200,860) |
| Total fixed assets, net of accumulated depreciation | 1,726,321 | - | - | 585,105 | 2,311,426 |
| Notes and mortgages receivable - non-current | - | - | - | - | - |
| Notes and mortgages receivable-past due | - | - | - | - | - |
| Other assets | - | - | - | - | - |
| Undistributed debits | - | - | - | - | - |
| Investment in joint ventures | - | - | - | - | - |
| TOTAL NONCURRENT ASSETS | 1,726,321 | - | - | 585,105 | 2,311,426 |
| TOTAL ASSETS | 2,154,598 | 3,827 | 39,056 | 585,105 | 2,782,586 |
| see notes to financial statements | | | | | |

| Account Description | Low Rent 14 850 | Section 3 Rental Voucher Program 14 855 | Section 8 Rental Cert. Prog./ Econ. Housing 14 857 | OSP 14 859 | TOTAL |
|------------------------------------------------------|------------------|-----------------------------------------|----------------------------------------------------|----------------|------------------|
| LIABILITIES AND EQUITY: | | | | | |
| LIABILITIES: | | | | | |
| CURRENT LIABILITIES | | | | | |
| Bank overdraft | | | | | - |
| Accounts payable < 90 days | 4,623 | - | - | - | 4,623 |
| Accounts payable > 90 days past due | | | | | - |
| Accrued wage/payroll taxes payable | 3,680 | - | - | - | 3,680 |
| Accrued compensated absences | 21,584 | - | 800 | - | 22,384 |
| Accrued contingency liability | | | | | - |
| Accrued interest payable | | | | | - |
| Accounts payable - HUD PHA programs | - | 97 | 17,053 | - | 17,150 |
| Accounts Payable - PHA Projects | | | | | - |
| Accounts payable - other gov. | 25,199 | | | | 25,199 |
| Tenant security deposits | 44,470 | | | | 44,470 |
| Deferred revenues | | | | | - |
| Current portion of L-T debt - capital projects | | | | | - |
| Current portion of L-T debt - operating borrowings | | | | | - |
| Other current liabilities | | | | | - |
| Accrued liabilities - other | | | | | - |
| Inter-program - Due to | | | | | - |
| TOTAL CURRENT LIABILITIES | 99,556 | 97 | 17,853 | - | 117,506 |
| NONCURRENT LIABILITIES: | | | | | |
| Long-term debt, net of current- capital projects | | | | | - |
| Long-term debt, net of current- operating borrowings | | | | | - |
| Noncurrent liabilities- other | | | | | - |
| TOTAL NONCURRENT LIABILITIES | - | - | - | - | - |
| TOTAL LIABILITIES | 99,556 | 97 | 17,853 | - | 117,506 |
| EQUITY: | | | | | |
| Investment in general fixed assets | | | | | - |
| Contributed Capital: | | | | | |
| Project notes (HUD) | | | | | - |
| Long-term debt - HUD guaranteed | | | | | - |
| Net HUD PHA contributions | 1,725,239 | - | - | 585,105 | 2,310,344 |
| Other HUD contributions | | | | | - |
| Other contributions | 1,082 | - | - | - | 1,082 |
| Total contributed capital | 1,726,321 | - | - | 585,105 | 2,311,426 |
| Reserved fund balance: | | | | | |
| Reserved for operating activities | | | | | - |
| Reserved for capital activities | | | | | - |
| Total reserved fund balance | - | - | - | - | - |
| Undesignated fund balance/retained earnings | 328,721 | 3,730 | 21,203 | | 353,654 |
| TOTAL EQUITY | 2,055,042 | 3,730 | 21,203 | 585,105 | 2,665,080 |
| TOTAL LIABILITIES AND EQUITY | 2,154,598 | 3,827 | 39,056 | 585,105 | 2,782,586 |
| see notes to financial statements | | | | | |

Housing Authority of the City of Bogalusa

COMBINING STATEMENT OF REVENUES, EXPENSE AND CHANGES IN RETAINED EARNINGS-ALL FUNDS

For the year ended September 30, 1999

SCHEDULE III

page 1 of 2

| Account Description | Low Rent 14.850 | Section 8 Rental Voucher Program 14.855 | Section 8 Rental Cert. Prgm/ Exist. Housing 14.857 | Section 8 Total | CGP 14.859 | Total |
|-----------------------------------------------------|-----------------|-----------------------------------------|----------------------------------------------------|-----------------|----------------|------------------|
| REVENUE: | | | | | | |
| Net tenant rental revenue | 405,065 | | | | | 405,065 |
| Tenant revenue - other | 130,066 | | | | | 130,066 |
| Total tenant revenue | 535,131 | | | | | 535,131 |
| HUD PMA grants | 421,019 | 80,843 | 236,784 | 317,627 | 428,286 | 1,166,932 |
| Other government grants | | | | | | |
| Investment income - unrestricted | 9,536 | | 2,447 | 2,447 | | 11,983 |
| Mortgage interest income | | | | | | |
| Fraud recovery | | | | | | |
| Other revenue | 24,795 | | 84 | 84 | | 24,879 |
| Gain or loss on the sale of fixed assets | | | | | | |
| Investment income - restricted | | | | | | |
| TOTAL REVENUE | 990,481 | 80,843 | 239,315 | 320,158 | 428,286 | 1,738,925 |
| EXPENSES: | | | | | | |
| Administrative | | | | | | |
| Administrative salaries | 101,330 | 3,508 | 12,718 | 16,226 | | 117,556 |
| Accounting and Auditing fees | 9,350 | 397 | 1,379 | 1,776 | | 11,126 |
| Outside management fees | | | | | | |
| Compensated absences | 3,207 | 538 | 66 | 604 | | 3,811 |
| Employee benefit contributions- administrative | 27,434 | 1,030 | 3,708 | 6,738 | | 34,172 |
| Other operating- administrative | 49,881 | 741 | 3,553 | 4,294 | 428,286 | 482,461 |
| Tenant services | | | | | | |
| Tenant services - salaries | | | | | | |
| Relocation costs | | | | | | |
| Employee benefit contributions- tenant services | | | | | | |
| Tenant services - other | 5,150 | | | | | 5,150 |
| Utilities | | | | | | |
| Water | 17,808 | | | | | 17,808 |
| Electricity | 230,188 | | | | | 230,188 |
| Gas | 22,891 | | | | | 22,891 |
| Fuel | | | | | | |
| Labor | | | | | | |
| Employee benefit contributions- utilities | | | | | | |
| Other utilities expense | 4,284 | | | | | 4,284 |
| Ordinary maintenance & operation | | | | | | |
| Ordinary maint and op - labor | 115,135 | | | | | 115,135 |
| Ordinary maintenance and op - materials & other | 61,773 | | | | | 61,773 |
| Ordinary maintenance and op - contract costs | 108,459 | | | | | 108,459 |
| Employee benefit contributions- ord. maintenance | 30,936 | | | | | 30,936 |
| Protective services | | | | | | |
| Protective services - labor | | | | | | |
| Protective services- other contract costs | | | | | | |
| Protective services - other | | | | | | |
| Employee benefit contributions- protective services | | | | | | |
| see notes to financial statements | | | | | | |

Housing Authority of the City of Bogalusa
 COMBINING STATEMENT OF REVENUES, EXPENSE AND
 CHANGES IN RETAINED EARNINGS--ALL FUNDS
 For the year ended September 30, 1999

SCHEDULE III
 page 2 of 2

| Account Description | Low Rent 14,850 | Section 8 Rental Voucher Program 14,855 | Section 8 Rental Cert. Prgm/ Exist. Housing 14,857 | Section 8 Total | CGP 14,859 | Total |
|-------------------------------------------------|------------------|-----------------------------------------------------|----------------------------------------------------------------|--------------------|----------------|------------------|
| General expenses | | | | | | |
| Insurance premiums | 76,608 | 316 | 2,518 | 2,834 | | 79,442 |
| Other general | 4,337 | - | 586 | 586 | | 4,923 |
| Payments in lieu of taxes | 25,199 | | | | | 25,199 |
| Bad debt - tenant rents | 63,122 | | | | | 63,122 |
| Bad debt - mortgages | | | | | | |
| Bad debt - other | | | | | | |
| Housing assistance payments | | 70,583 | 213,875 | 284,458 | | 284,458 |
| Casualty losses-noncapitalized | 17,018 | | | | | 17,018 |
| OPERATING EXPENSES BEFORE DEPRECIATION | 974,110 | 77,113 | 240,403 | 317,516 | 428,286 | 1,719,912 |
| NET OPERATING INCOME BEFORE DEPRECIATION | 16,371 | 3,730 | (1,088) | 2,642 | | 19,013 |
| Depreciation Expense | 473,158 | | | | 42,923 | 516,081 |
| Net operating income/(loss) after depreciation | (456,787) | 3,730 | (1,088) | 2,642 | (42,923) | (491,968) |
| Retained earnings (operating reserve), 9-30-98 | 348,925 | | | 24,769 | | 373,694 |
| Add: HUD-REAC prior year GAAP adjustments | (36,575) | | | (2,478) | | (39,053) |
| Operating income before depreciation | 16,371 | | | 2,642 | | 19,013 |
| Retained earnings (operating reserve), 9-30-99 | 328,721 | | | 24,933 | | 353,654 |
| Net HUD contribution, 9-30-98 | 12,080,496 | | | | 641,221 | 12,721,717 |
| Current year addition and REAC adjustments | (10,354,175) | | | | (56,116,000) | (10,410,291) |
| Net HUD contribution, 9-30-99 | 1,726,321 | | | | 585,105 | 2,311,426 |
| TOTAL EQUITY, 9-30-99 | 2,055,042 | | | 24,933 | 585,105 | 2,665,080 |

see notes to financial statements

Housing Authority of the City of Bogalusa
 Bogalusa, Louisiana 70427

SCHEDULE IV

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 COMPREHENSIVE GRANT PROGRAM FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

| | PROJECT CGP 705-97 | PROJECT CGP 706-98 | TOTAL |
|--------------------------------------------------------------|-----------------------|-----------------------|-------------------|
| REVENUES | | | |
| Local Sources | | | |
| Federal Sources--Grants | 306,069.57 | 122,216.43 | 428,286.00 |
| Total Revenues | 306,069.57 | 122,216.43 | 428,286.00 |
| EXPENDITURES | | | |
| Current: | | | |
| Administrative | | | |
| General Expenses | | | |
| Facilities Acquisition and Construction | 306,069.57 | 122,216.43 | 428,286.00 |
| Total Expenditures | 306,069.57 | 122,216.43 | 428,286.00 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 0.00 | 0.00 | 0.00 |
| FUND BALANCE AT BEGINNING OF YEAR | 0.00 | 0.00 | 0.00 |
| FUND BALANCE AT END OF YEAR | 0.00 | 0.00 | 0.00 |

=====
 see notes to financial statements

Housing Authority of the City of Bogalusa

Bogalusa, Louisiana 70427

PHA's Statement and Certification of Actual Modernization Costs

COMPLETED PROJECT LA48PO2470597

Annual Contributions Contract FW-1053

For the year ended September 30, 1999

SCHEDULE V

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

| | PROJECT LA48PO2470597 |
|--------------------------|--------------------------|
| Funds Approved | 484,889.00 |
| Funds Expended | 484,889.00 |
| Excess of Funds Approved | ----- 0.00 ===== |
| FUNDS ADVANCED | |
| HUD | 484,889.00 |
| Funds Expended | 484,889.00 |
| Excess of Funds Advanced | ----- 0.00 ===== |

1. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated October 6, 1999 accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.

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

see notes to financial statements

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AMERICAN INSTITUTE OF CPA'S

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

**BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA 70592**

I have audited the financial statements of the Housing Authority of the City of Bogalusa (PHA), as of and for the year ended September 30, 1999, and have issued my report thereon dated February 24, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

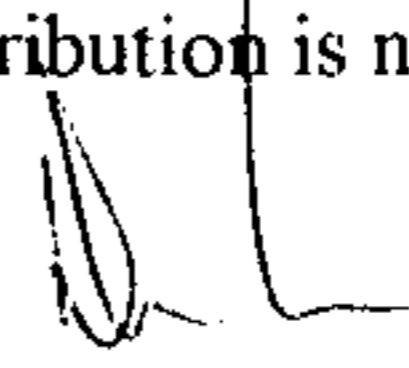
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or cooperation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of

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

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

February 24, 2000



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

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA 70592

Compliance

I have audited the compliance of the Housing Authority of the City of Bogalusa (PHA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 1999. The PHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the PHA's management. My responsibility is to express an opinion on the PHA's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards: the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular, Audits of States, Local Governments, and Non Profit Organizations.

Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the PHA's compliance with those requirements.

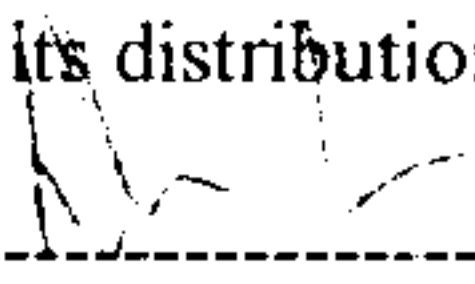
In my opinion, the PHA's complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended Month date, year.

Internal Control Over Compliance

The management of the PHA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the PHA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matter in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and HUD. However, this report is a matter of public record and its distribution is not limited.



William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 24, 2000

**THE HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA**

SUMMARY SCHEDULE OF PRIOR FINDINGS

There were no findings in the prior audit.

**THE HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA**

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Per A-133, Section 505(d)

1. Summary Schedule of Auditors Results:

- i. The report includes an unqualified opinion on the financial statements.
- ii. There were no reportable conditions in internal controls found required to be disclosed at the financial statement level.
- iii. The audit disclosed no noncompliance which is material to the financial statements.
- iv. No reportable conditions in internal control over major programs, as required by A-133, were disclosed by the audit.
- v. The compliance report issued for major programs was unqualified.
- vi. The report disclosed no audit findings required to be reported under Section 510a of A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

| CFDA# | Name of Program |
|--------|------------------|
| 14.850 | Low Rent Housing |
- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- ix. The auditee was considered a low risk auditee.

2. Finding relating to the financial statements required to be reported with GAGAS are as follows:

None

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

None

**THE HOUSING AUTHORITY OF THE CITY OF BOGALUSA
BOGALUSA, LOUISIANA**

CORRECTIVE ACTION PLAN

Our corrective action plan is as follows:

NONE