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

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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 08-02-00

**FINANCIAL AND COMPLIANCE AUDIT**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**

**Bruno**

CERTIFIED PUBLIC ACCOUNTANTS

**& Tervalon**

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**& Tervalon**

MICHAEL B. BRUNO, CPA  
ALCIDE J. TERVALON, JR., CPA  
WALDO J. MORET, JR., CPA

**INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
**Housing Authority of the City  
of Bunkie**  
Bunkie, Louisiana

We have audited the accompanying financial statements as listed in the Table of Contents of the **Housing Authority of the City of Bunkie (HACB)**, as of and for the year ended December 31, 1999. These financial statements are the responsibility of **HACB's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

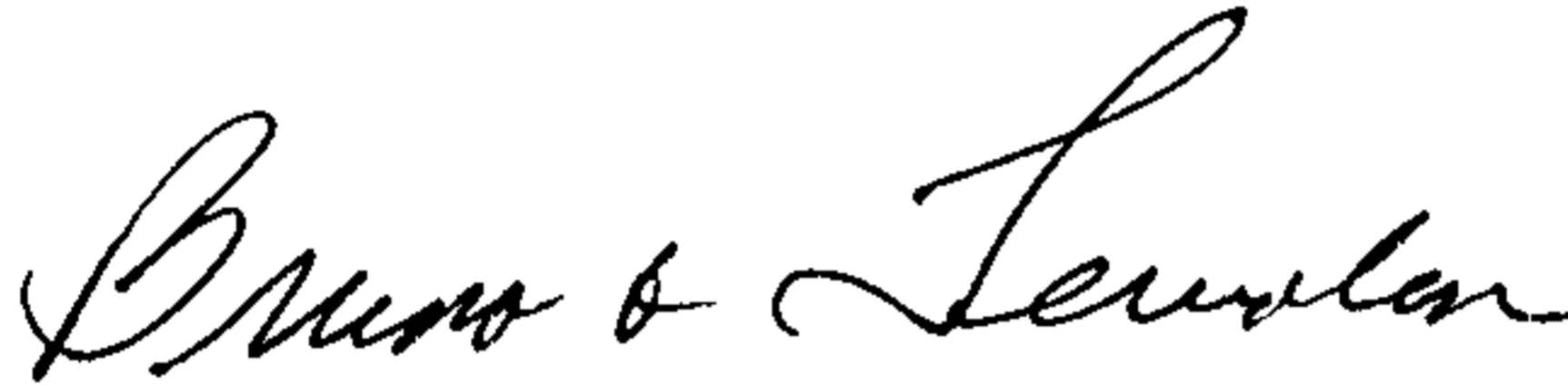
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable 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.

In our opinion, the financial statements as listed in the Table of Contents present fairly, in all material respects, the financial position of the **Housing Authority of the City of Bunkie** as of December 31, 1999, and the results of its operations and the cash flows of its enterprise fund for the year then ended in conformity with generally accepted accounting principles.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Commissioners  
**Housing Authority of the City**  
**of Bunkie**  
Bunkie, Louisiana  
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2000 on our consideration of the HACB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 6, 2000

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
**BALANCE SHEET--ENTERPRISE FUND**  
**DECEMBER 31, 1999**

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**ASSETS**

Cash and temporary cash investments (NOTE 2)	\$136,404
Amounts receivable	1,457
Amount receivable-HUD	46
Accrued interest receivable	633
Prepaid and other assets	10,726
Land, structures and equipment, net (NOTE 3)	<u>531,607</u>
 Total assets	 <u>\$680,873</u>

**LIABILITIES AND EQUITY**

Liabilities:

Amounts and other payable	\$ 217
Compensated absences payable	7,482
Security deposits held for tenants	6,220
Accrued pilot payable	<u>14,540</u>

Total liabilities 28,459

Equity:

Contributed capital (NOTE 4) 2,310,807

Retained deficit:

Unreserved retained deficit (1,658,393)

Total equity 652,414

Total liabilities and equity \$ 680,873

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED DEFICIT--ENTERPRISE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

Operating Revenues:	
Dwelling rental	\$ 150,477
Other income	<u>1,753</u>
Total operating revenues	<u>152,230</u>
Operating Expenses:	
Salaries and employee benefits	122,123
Repairs and maintenance	7,221
Contractual services	15,934
Depreciation	54,705
Utilities	3,287
Payment in lieu of taxes	14,540
Insurance	20,890
Convention and training	5,240
Other	<u>11,998</u>
Total operating expenses	<u>255,938</u>
Operating loss	<u>(103,708)</u>
Non-operating Revenues:	
Grants and subsidies	56,376
Interest income	<u>5,380</u>
Total non-operating revenues	<u>61,756</u>
Net loss	<u>(41,952)</u>
Retained earnings, beginning of year	-0-
Adjustment, net to beginning retained earnings (NOTE 9)	<u>(1,616,441)</u>
Beginning retained deficit, as restated	<u>(1,616,441)</u>
Retained deficit, end of year	<u><u>\$ (1,658,393)</u></u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
**STATEMENT OF CASH FLOWS--ENTERPRISE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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Operating loss	\$(103,708)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	54,705
Decrease in amounts and other receivables, net	786
Decrease in interfund receivables	9,125
Increase in accrued interest receivable	(633)
Increase in prepaid assets	(4,728)
Decrease in amounts and other payables	(17,950)
Increase in compensated absences payable	7,482
Increase in security deposits held for tenants	615
Increase in accrued pilot payable	<u>1,387</u>
Net cash used in operating activities	<u>(52,919)</u>
Cash Flows from Noncapital Financing Activities:	
Subsidy from federal grant	<u>56,376</u>
Cash provided by noncapital financing activities	<u>56,376</u>
Cash Flows from Capital Activities:	
Contributed capital	85,843
Acquisition of equipment	<u>(85,843)</u>
Net cash provided by (used) in capital financing activities	<u>-0-</u>
Cash flows from Investing Activities:	
Interest received	<u>5,380</u>
Cash provided by investing activities	<u>5,380</u>
Net increase in cash and temporary cash investments	8,837
Cash and temporary cash investments, beginning of year	<u>127,567</u>
Cash and temporary cash investments, end of year	<u>\$ 136,404</u>
Interest paid during 1999	<u>\$ -0-</u>

The accompanying notes are an integral part of the financial statements.



**HOUSING AUTHORITY OF THE CIT OF BUNKIE**  
**BUNKIE, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 - Background and General Data:

Background

The **Housing Authority of the City of Bunkie (HACB)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HACB** has been contracted by HUD to administer the Low-Income Housing Program (FW-586) under an Annual Contributions contract.

As of December 31, 1999, **HACB** was primarily engaged in the administration of a Low-Income Housing Program to low-income residents in Bunkie, Louisiana.

Under the above program, **HACB** provides eligible families housing under leasing arrangements.

Financial Reporting Entity

**HACB** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of Bunkie.

Government Accounting Standards Board (GASB) Statement No. 14, "the Financial Reporting Entity established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Background and General Data, Continued

Financial Reporting Entity, Continued

**HACB** was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HACB** is a financial reporting entity within the meaning of the provisions of GASB 14.

Basis of Presentation

As required by Louisiana State Reporting Law (LRS-R-S 24:514) and HUD regulations, financial statements are presented in accordance with generally accepted accounting principles (GAAP).

The accounts of **HACB** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with generally accepted accounting principles applied to governmental units.

Proprietary Fund Type - Proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HACB** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HACB's** fund includes the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Background and General Data, Continued

Budgets

**HACB** prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year January 1, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

**HACB** does not present its budget to actual comparison for the enterprise fund as part of its financial statement as GAAP does not require such, despite adoption of an annual budget by the Board.

Statement of Cash flows

For purposes of the statement of cash flows, **HACB** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

Structures and equipment are depreciated in the enterprise fund of **HACB** using the following estimated useful life.

<u>Assets</u>	<u>Useful Lives</u>
Buildings	33
Building improvements	15
Equipment	3-15

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Background and General Data, Continued

Compensated Absences

**HACB** follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by generally accepted accounting principles.

NOTE 2 - Cash and Temporary Cash Investments:

At December 31, 1999, **HACB's** cash balances and securities consisting of certificates of deposit are as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Market Value</u>
Cash	\$ 36,404	\$ 36,404
Certificates of Deposit	<u>100,000</u>	<u>100,000</u>
Total cash and temporary cash investments	<u>\$136,404</u>	<u>\$136,404</u>

These deposits and financial instruments are stated at cost, which approximates market.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - Cash and Temporary Cash Investments, Continued:

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **HACB**.

At December 31, 1999, the carrying amount of **HACB**'s cash deposits was \$36,404 and the cumulative bank balance was \$43,925. The bank balances are covered by federal depository insurance.

The certificates of deposit held at December 31, 1999 are either covered by FDIC or collateral held by a third party in the name of **HACB**.

Cash and temporary cash investments are categorized as Category 1.

Category 1 represents cash insured or collateralized with securities held by the pledging financial institution's trust department or agent in **HACB**'s name.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 3 - Land, Structures and Equipment:

As of December 31, 1999, land, structures and equipment consisted of the following:

	<u>Balance</u> January 1, 1999	<u>Additions</u>	<u>Retirement</u>	<u>Net</u> <u>Adjustments</u>	<u>Balance</u> December 31, 1999
Land and land improvements	\$ 345,706	\$ -0-	\$-0-	\$(109,449)	\$ 236,257
Buildings and improvements	1,557,292	-0-	-0-	77,024	1,634,316
Equipment	116,968	19,595	-0-	(7,077)	129,486
Construction-in-progress	<u>246,633</u>	<u>66,248</u>	<u>-0-</u>	<u>(980)</u>	<u>311,901</u>
	<u>\$2,266,599</u>	<u>\$85,843</u>	<u>\$-0-</u>	<u>\$ (40,482)</u>	2,311,960
Less accumulated depreciation					<u>(1,780,353)</u>
Total					<u>\$ 531,607</u>

The amounts reflected as net adjustments represent adjustments to properly state land, structures and equipment at December 31, 1999.

NOTE 4 - Contributed Capital:

At December 31, 1999, contributed capital consisted primarily of reclassification of HUD guaranteed debt previously recorded on the books of **HACB** and payable by HUD and secured by annual contributions. The debt does not constitute an obligation of the **HACB** and accordingly has not been reported in the accompanying financial statements. Contributed capital also includes the net of cumulative expenses, grants and subsidies of the **HACB**.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 4 - Contributed Capital, Continued:

An analysis of contributed capital follows:

<u>Balance</u> <u>January 1,</u> <u>1999</u>	<u>Net Additions</u>	<u>Balance</u> <u>December 31, 1999</u>
<u>\$-0-</u>	<u>\$2,310,807</u>	<u>\$2,310,807</u>

NOTE 5 - Retirement System:

Plan Description

**HACB** participates in a defined contribution plan. The SEP-IRA plan was established on January 1, 1992 and is authorized and may be amended by the Board of Commissioners. The plan is a single employer defined contribution plan and is administered by the **HACB**.

Plan Funding

Funding for the system is through an employer contribution of 8% of the employees base salary each month. The employers contribution and allocated interest vest immediately.

**HACB's** gross payroll for the year ended December 31, 1999 was \$83,862. **HACB's** contribution made using the base salary of \$78,800 amounted to \$6,304.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 6 - Risk Management:

**HACB** is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HACB** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 7 - Concentration of Credit Risk:

**HACB** receives primarily all of its revenues from the dwelling rental. If the amount of revenues received from rentals falls below contract levels, **HACB's** operating results could be adversely affected.

NOTE 8- Contingencies:

**HACB** is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to the **HACB**. These examinations may result in required refunds by **HACB** to the agencies and/or program beneficiaries.

NOTE 9 - Adjustment to Retained Earnings:

Adjustments to beginning retained earnings are primarily due to the recordation of accumulated depreciation of \$1,725,646, and accumulated compensated absences of \$4,367, net of cumulative earnings of \$113,572.

NOTE 10 - Commitments:

At December 31, 1999, **HACB** has received a \$198,310 grant award from HUD for the improvement of its buildings.



**SUPPLEMENTARY INFORMATION**

**& Tervalon**

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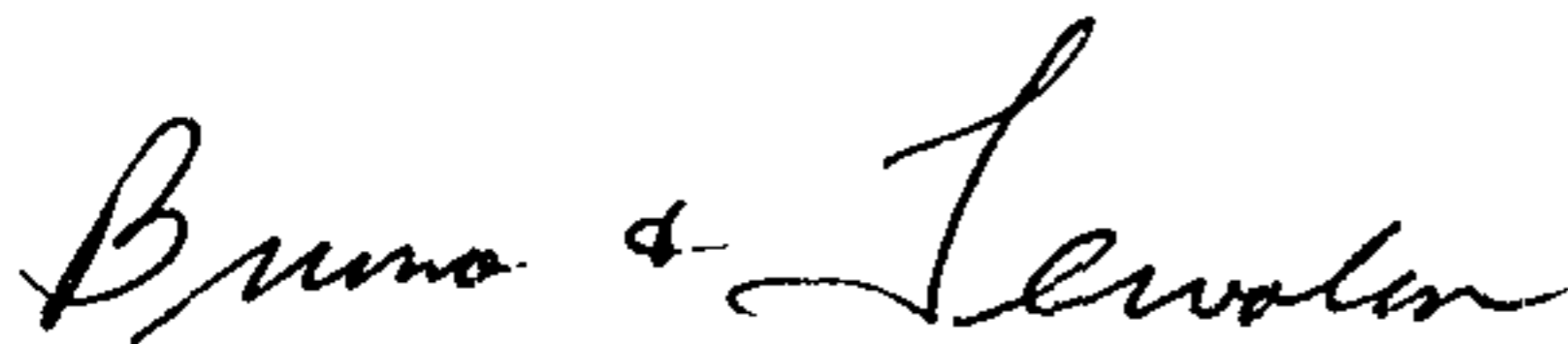
**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners  
**Housing Authority of the City  
of Bunkie**  
Bunkie, Louisiana

Our report on our audit of the financial statements of the **Housing Authority of the City of Bunkie (HACB)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II and III) which are prepared in accordance with generally accepted accounting principles, and is not a required part of the financial statements has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



**BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS**

June 6, 2000

SCHEDULE I

**HOUSING AUTHORITY OF THE CITY OF BUNKIE  
BUNKIE, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Grant Revenues</u>	<u>Federal Expenses and Authorized Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):				
<u>Subject to Annual Contribution Contracts</u>				
Low Rent Public Housing	14.850	FW-586	\$ 56,376	\$ 56,376
Public and Indian Housing Comprehensive Improvement Assistance Program	14.852	FW-586	<u>83,956</u>	<u>83,956</u>
Total annual contribution contracts			<u>\$140,332</u>	<u>\$140,332</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the HACB and is presented on an accrual basis of accounting.

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE  
BUNKIE, LOUISIANA  
FINANCIAL DATA SCHEDULE--BALANCE SHEET  
DECEMBER 31, 1999**

**ASSETS**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
	<b>CURRENT ASSETS:</b>	
	Cash:	
111	Cash - unrestricted	\$ <u>136,404</u>
100	Total cash	<u>136,404</u>
	Receivables:	
122	Accounts receivable - HUD other projects	46
125	Accounts receivable - miscellaneous	250
126	Accounts receivables - tenants - dwelling rents	1,207
129	Accrued interest receivable	<u>633</u>
120	Total receivables, net of allowances for doubtful accounts	2,136
142	Prepaid expenses and other assets	6,821
143	Inventories	<u>3,905</u>
150	Total current assets	149,266
	<b>NONCURRENT ASSETS</b>	
	Fixed Assets:	
161	Land	64,741
162	Buildings	1,634,316
163	Furniture, equipment & machinery - dwellings	62,940
164	Furniture, equipment & machinery - administration	66,546
165	Leasehold improvements	171,516
166	Accumulated depreciation	(1,780,353)
167	Construction in progress	<u>311,901</u>
160	Total fixed assets, net of accumulated depreciation	<u>531,607</u>
180	Total non-current assets	<u>531,607</u>
190	Total assets	\$ <u><u>680,873</u></u>

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE II**

Page 2 of 2

**HOUSING AUTHORITY OF THE CITY OF BUNKIE  
BUNKIE, LOUISIANA  
FINANCIAL DATA SCHEDULE--BALANCE SHEET  
DECEMBER 31, 1999**

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**LIABILITIES AND EQUITY**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
	LIABILITIES:	
	Current liabilities:	
321	Accrued wage/payroll taxes payable	\$ 217
322	Accrued compensated absences	7,482
333	Accounts payable - other government	14,540
341	Tenant security deposits	<u>6,220</u>
310	Total current liabilities	<u>28,459</u>
	Noncurrent liabilities:	
350	Total noncurrent liabilities	<u>28,459</u>
	Equity:	
504	Net HUD PHA contributions	<u>2,310,807</u>
508	Total contributed capital	2,310,807
	Reserved Fund Balance:	
512	Undesignated Fund Balance/Retained Earnings	<u>(1,658,393)</u>
513	Total equity	<u>652,414</u>
600	Total liabilities and equity	<u>\$ 680,873</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE  
BUNKIE, LOUISIANA  
FINANCIAL DATA SCHEDULE-STATEMENT OF REVENUE AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
703	Net tenant rental revenue	\$150,477
704	Tenant revenue - other	<u>1,733</u>
705	Total tenant revenue	<u>152,210</u>
706	HUD PHA grants	56,376
711	Investment income - unrestricted	5,380
715	Other revenue	<u>20</u>
700	Total revenue	<u>213,986</u>
	Expenses	
	Administrative:	
911	Administrative salaries	46,281
912	Auditing fees	4,734
914	Compensated absences	3,115
915	Employee benefit contributions - administrative	21,809
916	Other operating - administrative	15,192
931	Water	188
932	Electricity	2,902
933	Gas	197
938	Other utilities expense	2,046
941	Ordinary maintenance and operations- labor	34,466
942	Ordinary maintenance and operations- materials and other	7,221
943	Ordinary maintenance and operations- contract costs	11,200
945	Employee benefit contributions- ordinary maintenance	16,452
961	Insurance premiums	20,890
963	Payments in lieu of taxes	<u>14,540</u>
969	Total operating expenses	<u>201,233</u>
970	Excess operating revenue over operating expenses	<u>12,753</u>
	Other expenses:	
974	Depreciation expense	54,705
900	Total expenses	<u>255,938</u>
1000	Excess (deficiency) of operating revenue over (under) expenses	<u>\$(41,952)</u>

See Independent Auditors' Report on Supplementary Information.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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Board of Commissioners  
**Housing Authority of the City  
of Bunkie**  
Bunkie, Louisiana

We have audited the financial statements of the **Housing Authority of the City of Bunkie (HACB)** as of and for the year ended December 31, 1999, and have issued our report thereon dated June 6, 2000. 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.

**Compliance**

As part of obtaining reasonable assurance about whether **HACB'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 an 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 99-1 through 99-3.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

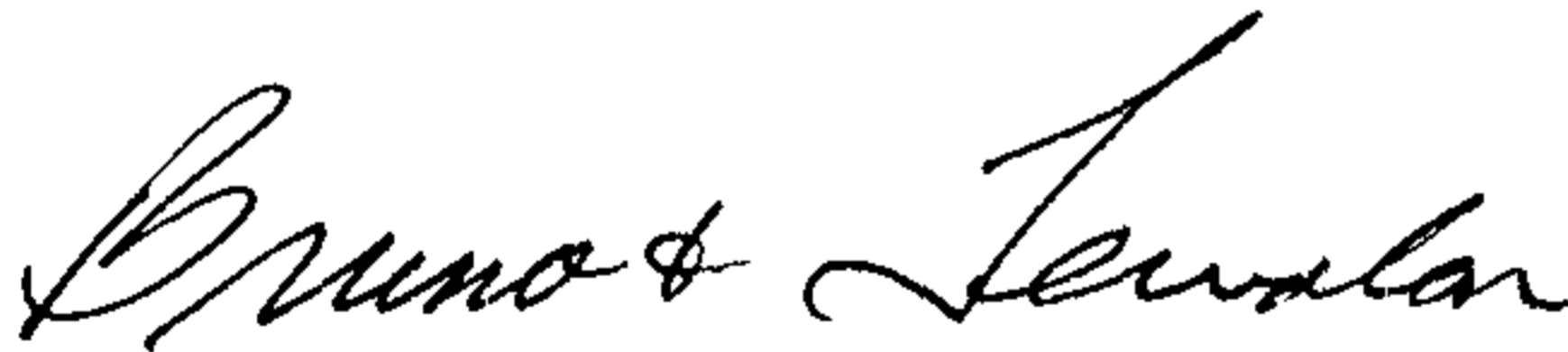
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(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered HACB's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use by the Board of Commissioners, management, U.S. Department of Housing and Urban Development, Legislative Auditor and State of Louisiana, and is not intended to, and should not be used by anyone other than these specified parties.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 6, 2000



**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**Reference Number**

99-1

**Condition**

Our testwork of the Performance Funding System (PFS) information submitted by **HACB** to HUD, revealed differences in the rent-roll (11,831 per rental register versus 11,829 per HUD Form 52723) and number of units occupied (103 per rental register versus 104 per HUD Form 52723) used in the calculation of PFS.

In addition, we noted that the HUD Form 52722A (Calculation of Allowable Utilities Expense Level) submitted was incomplete for 1995 and 1996 water consumption. However, we noted that the **HACB** has the consumption and cost information available.

Pursuant to Section II of the Consolidated Annual Contributions Contract:

"The HA shall submit a calculation of operating subsidy eligibility in the manner prescribed by HUD in regulations in 24CFR..."

Furthermore, based on review of the executed HUD Form 52723, it appears that the report was not submitted to HUD within the required timeframe of 90 to 150 days before beginning of fiscal year. It is our understanding through discussion with management, that the delay was the result of outstanding PFS factors due from HUD, and needed in the computation of the required subsidy.

**Recommendation**

Management should re-evaluate its current record retention and report submission policies and procedures. Such a process should be aimed at the elimination of the condition previously discussed.

**Management's Response**

Management has initiated the necessary procedures to ensure the completeness and accuracy of information in future "PFS" calculations.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**Reference Number**

99-2

**Condition**

The December 31, 1999 audit report for the **HACB** was not submitted within the timeframe established by Louisiana Revised Statute 24:513.

Based on our discussion with management, we noted that the untimely submission was the result of a need to secure new auditors subsequent to the withdrawal by the previous auditors.

**Recommendation**

We recommend that management continue to undertake the necessary actions to ensure the timely submission of **HACB's** annual audit report.

**Management's Response**

The delay in submission was the result of the withdrawal of our previous auditor who was hired on a timely basis. Management anticipates the timely procurement in the current year to ensure its timely report submission.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**Reference Number**

99-3

**Condition**

Currently, the **HACB** shares location of its historical records, with its fee accountant. In addition, we noted that due to the age of its fixed assets certain original documents, to include account details, are not readily available.

However, we noted that management continues to, on a prospective basis, accumulate and retain the required fixed asset documents.

**Recommendation**

We recommend that management continue to work toward the maintenance and retention of its fixed asset records. Such a system should also facilitate in the procurement of insurance coverage to insure adequate safeguard of assets.

**Management's Response**

Management will continue to research via court records and HUD, to secure all necessary documents relating to its fixed assets.



**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**Section I: SUMMARY OF AUDITORS' RESULTS**

*Federal Awards, Continued*

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

N/A\*

*Identification of Major Programs:*

N/A\*

Dollar threshold used to distinguish between Type A and Type B Programs:

N/A\*

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

N/A\*

**HOUSING AUTHORITY OF THE CITY OF BUNKIE**  
**BUNKIE, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**Section II: FINANCIAL STATEMENT FINDINGS**

See 99-1 through 99-3 of Schedule of Findings and Questioned costs.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE  
BUNKIE, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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**Section III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No federal award findings and questioned costs noted during the year ended December 31, 1999.

**HOUSING AUTHORITY OF THE CITY OF BUNKIE  
BUNKIE, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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**Sections I, II and III:      STATUS OF PRIOR YEARS' FINDINGS AND  
QUESTIONED COSTS**

Noted no outstanding prior year findings and questioned costs.