

**Housing Authority of the
CITY OF BOGALUSA**
Bogalusa, Louisiana

**General-Purpose Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended September 30, 2003
With Supplemental Information Schedules**

**WILLIAM DANIEL McCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

**5150 Highway 22, Suite C-14
Mandeville, Louisiana 70471**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. This 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: 4-22-04

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
 Bogalusa, Louisiana
 General-Purpose Financial Statements
 As of and for the Fiscal Year Ended September 30, 2003
 With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Bogalusa
Bogalusa, Louisiana

I have audited the accompanying general-purpose financial statements of the Housing Authority of the City of Bogalusa as of and for the year ended September 30, 2003, as listed in the table of contents. Those general-purpose financial statements are the responsibility of the authority'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 auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Louisiana Governmental Audit Guide. Those standards require 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, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year ended in conformity with U.S. generally accepted accounting principles.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana
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In accordance with Government Auditing Standards, I have also issued a report dated January 28, 2004 on my consideration of the authority's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the authority taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Not-For-Profit Organizations, is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. The accompanying Financial Data Schedule, required by HUD, is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in 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.

 William Daniel
McCaskill, CPA
APAC

APAC is a member of the American Institute of Certified Public Accountants (AICPA).
APAC is a member of the Louisiana State Board of Accountancy (LSBA).
APAC is a member of the National Association of Public Accountants (NAPAs).
APAC is a member of the National Society of Public Accountants (NSPAs).

William Daniel McCaskill, CPA
A Professional Accounting Corporation

January 28, 2004

HOUSING AUTHORITY OF THE CITY OF BOCAULONA
Bogalusa, Louisiana
Proprietary Fund Type - Enterprise Fund - Balance Sheet
As of September 30, 2023

Exhibit A

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 171,878
Accounts Receivable - HUD (Star Projects)	21,138
Accounts Receivable - Tenants (Dwelling Ready)	18,733
Allowance for Doubtful Accounts - Dwelling Ready	(1,872)
Account Interest Receivable	73
Prepaid Expenses	58,719
Inventories	44,288
Interprogram Due From	114,501
Total Current Assets	<u>428,878</u>

Restricted Assets:

Cash and cash equivalents	42,322
Total Restricted Assets	<u>42,322</u>

Fixed Assets, Net of Accumulated Depreciation:

Land	237,721
Buildings	18,251,188
Furniture, Equipment & Machinery - Dwelling	282,807
Furniture, Equipment & Machinery - Administration	152,458
Leasehold Improvements	788,281
Accumulated Depreciation	(11,448,972)
Construction in Progress	288,138
Total Fixed Assets, Net of Accumulated Depreciation	<u>8,243,527</u>

Total Assets \$ 5,783,045

Liabilities and Equity

Current Liabilities (payable from current assets):

Accounts Payable - Vendors	\$ 30,300
Accounts Payable - HUD PMA Programs	18,574
Accounts Payable - Other Government	17,300
Accrued Wages and Payroll Taxes Payable	5,889
Accrued Compensation Absences - Current	7,481
Interprogram Due To	114,501
Total Current Liabilities (payable from current assets)	<u>204,045</u>

Current Liabilities (payable from restricted assets):

Total Security Deposits	42,322
-------------------------	--------

Long-term Liabilities:

Other Long-term Liabilities	15,000
Total Long-term Liabilities	<u>15,000</u>

Total Liabilities 261,367

Equity:

Contributed Capital	1,688,888
Retained Earnings (Deficit)	1,778,170
Total Equity	<u>3,467,058</u>

Total Liabilities and Equity \$ 5,783,045

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

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
Budgetary Positions
Proprietary Fund Type - Enterprise Fund -
Statement of Revenue, Expenses, and Changes in Retained Savings
For Fiscal Year Ended September 30, 2020

Operating Revenues	
Net Tenant Rental Revenue	\$ 300,546
Tenant Revenue - Other	148,890
Federal Grants	<u>1,379,258</u>
Total Operating Revenues	<u>1,828,694</u>
Operating Expenses	
Administrative Expenses	498,658
Tenant Services	3,354
Utilities	288,947
Ordinary Maintenance & Operation	214,000
General Expenses	128,100
Extraordinary Maintenance & Operation	49,171
Housing Assistance Payments	265,040
Depreciation Expense	<u>370,428</u>
Total Operating Expenses	<u>1,848,028</u>
Operating Income (Loss)	<u>80,666</u>
Non-operating Revenues (Expenses)	
Federal Grants	229,770
Gain (Loss) on Sale of Fixed Assets	(710)
Interest Income	8,388
Casualty Losses	(18,800)
Other Revenue	<u>17,807</u>
Total Non-operating Revenues (Expenses)	<u>227,455</u>
Net Income (Loss)	<u>208,121</u>
Retained Earnings at Beginning of Year	1,236,130
Plus/Minus Adjustments and Corrections of Errors	<u>1479</u>
Retained Earnings at End of Year	<u>\$ 1,278,178</u>

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

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
Bogalusa, Louisiana
Proprietary Fund Type - Enterprise Fund - Statement of Cash Flows
For Fiscal Year Ended September 30, 2002

Exhibit C

Cash Flows from operating activities:	
Operating income (loss)	\$ 40,250
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	170,408
(Increase) Decrease in Accounts Receivable - PRA Projects	
(Increase) Decrease in Accounts Receivable - HUD/Other Projects	85,818
(Increase) Decrease in Accounts Receivable - Other Government	
(Increase) Decrease in Accounts Receivable - Miscellaneous	558
(Increase) Decrease in Accounts Receivable - Tenants Defaulting Rents, net	(4,788)
(Increase) Decrease in Allowance for Doubtful Accounts - Drawing Rents	
(Increase) Decrease in Prepaid Expenses	1873
(Increase) Decrease in Inventories	(4,847)
Increase (Decrease) in Bank Deposits	
Increase (Decrease) in Accounts Payable - Vendors	20,737
Increase (Decrease) in Accounts Payable - HUD PRA Programs	55,218
Increase (Decrease) in Accounts Payable - PRA Projects	
Increase (Decrease) in Accounts Payable - Other Government	(7,767)
Increase (Decrease) in Accrued Wages and Payroll Taxes Payable	3,008
Increase (Decrease) in Accrued Unexpended Advances	(1,148)
Increase (Decrease) in Deferred Revenue	
Increase (Decrease) in Tenant Security Deposits	(3,088)
Increase (Decrease) in Accrued Liabilities - Other	588
Increase (Decrease) in Other Unearned Accounts	375
Net cash provided (used) by operating activities	<u>283,827</u>
Cash Flows from noncapital financing activities:	
Other receipts	<u>12,258</u>
Cash Flows from capital and related financing activities:	
Principal paid on bond debt	
Interest and bond charges paid on bond debt	
Payments to acquire, construct, or improve capital assets	(356,778)
Proceeds from federal capital grants	323,778
Proceeds from sale of fixed assets	(748)
Net cash provided (used) by capital and related financing activities	<u>(89,748)</u>
Cash flow from investing activities:	
Investment income (interest income)	4,288
Purchases of investments	(4,288)
Net increase (decrease) in cash and cash equivalents	159,814
Cash and cash equivalents at beginning of year	<u>457,050</u>
Cash and cash equivalents at end of year	<u>\$ 616,864</u>
Exhibit A - Current Assets - Cash and Cash Equivalents	\$ 616,864
Exhibit B - Restricted Assets - Cash and Cash Equivalents	47,378
	<u>\$ 664,242</u>

There were no noncash investing, capital or financing transactions.
 The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
Bogalusa, Louisiana
Notes to the Financial Statements
For Fiscal Year Ended September 30, 2003

The Public Housing Authority (the authority) was chartered as a public corporation under the laws 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 approval of the local governing body of the City. A five member Board of Commissioners governs the authority. The members, appointed by the city of Bogalusa Louisiana, serve a four year staggered term.

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 low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the authority for the purpose of assisting the authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the authority for the purpose of maintaining this low rent character.

At September 30, 2003, the authority was managing a Low Rent Public Housing Program, a Capital Fund Program, and a Housing Choice Voucher Program.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of Presentation

The accompanying financial statements of the authority 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. The authority also applies all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

(2) Financial Reporting Entity

GASB Codification Section 2100 defines criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the authority is legally separate and fiscally independent, the authority is a separate governmental reporting entity.

The authority is a related organization of the City of Bogalusa, Louisiana since the city appoints a voting majority of the authority's governing board. The city is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to,

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2003 – Continued

or impose financial burdens on, the city. Accordingly, the authority is not a component unit of the financial reporting entity of the city.

Certain units of local government over which the authority exercises no oversight responsibility, such as the parish police jury, school board, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the authority. In addition, the accompanying financial statements do not include various tenant associations, which are legally separate entities.

The financial statements include all funds and activities that are within the oversight responsibility of the authority.

GASB Codification Section 2100 defines criteria for determining which component units should be considered part of the 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. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the authority to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the authority.
2. Organizations for which the authority does not appoint a voting majority, but are fiscally dependent on the 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.

The authority has no component units.

(3) Fund Accounting

The authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2003 – Continued

The authority's fund is classified as a proprietary fund type – enterprise fund. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

(4) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

(5) Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

(6) Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in certificates of deposits and those investments with original maturities of 90 days or less.

Under state law, the 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 principal offices in Louisiana.

(7) Investments

Investments are limited by HUD regulations, state law, and the authority's investment policy. Investments with original maturities of 90 days or greater are classified as investments. Deposits or investments with original maturities of 90 days or less, are classified as cash equivalents. Investments are stated at fair value based on quoted market prices.

(8) Inventory

Inventory items are valued at cost on a first-in first-out (FIFO) basis. Any difference between cost and market is deemed immaterial. The authority uses a periodic inventory system and accounts for inventory using the purchase method.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
 Bogalusa, Louisiana
 Notes to the Financial Statements, 2003 – Continued

(9) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses generally consist of prepaid insurance.

(10) Fixed Assets

Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value) using the straight-line method. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization limit is \$200. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	30 Years
Building improvements	15 Years
Leasehold improvements	15 Years
Equipment	3-7 Years

Interest costs during construction have been capitalized. All land and buildings 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.

(11) Compensated Absences

Employees may accumulate an unlimited number of annual and sick leave hours. Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave. The cost of current leave privileges, computed in accordance with GASB Codification Section C80 is recognized as a current year expense when leave is earned.

NOTE B – CASH AND CASH EQUIVALENTS

See Note A for discussion of policies related to cash and cash equivalents. At September 30, 2003, the authority has cash and cash equivalents (book balances) totaling \$613,596 as follows:

Interest-bearing demand deposits	\$423,754
Time deposits	366,792
Other	50
Total	<u>\$613,596</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal

HOUSING AUTHORITY OF THE CITY OF BOGALUSA,
 Bogalusa, Louisiana
 Notes to the Financial Statements, 2003 – Continued

deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2003, the authority has \$628,757 in deposits (bank balances), categorized below to reflect the amount of risk assumed by the authority.

GASB Category 1	\$268,000
GASB Category 2	-
GASB Category 3	<u>\$628,757</u>
	<u>\$628,757</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 38:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C - FIXED ASSETS

The following is a summary of fixed assets:

Land	\$237,721
Buildings	12,321,708
Furniture and Equipment	
Dwellings	392,937
Administration	152,438
Leasehold Improvements	788,381
Construction in progress	<u>298,135</u>
Total	\$14,090,720
Accumulated depreciation	<u>(11,448,873)</u>
Net fixed assets	<u>\$2,641,847</u>

NOTE D - RETIREMENT PLAN

The authority participates in the Louisiana Housing Council Group Retirement Plan, administered by Broussard, Bush and Hunt, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities which are members of the Louisiana Housing Council. Through this plan, the authority provides pension benefits for all of its full-time employees. All full-time employees who have attained age 18 are eligible to participate in the plan on the first day of the month after completing three months of continuous and uninterrupted employment.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

Bogalusa, Louisiana

Notes to the Financial Statements, 2003 – Continued

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to five percent (5%) of each participant's basic (excludes overtime) compensation. Employees are required to contribute five percent (5%) of their annual covered salary.

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday. Early retirement may be elected on the first day of any month within ten years of the employee's normal retirement date, provided the employee has completed five years of service with the authority. With the authority's consent, employees may defer retirement to the first day of any month beyond normal retirement date.

The authority's total payroll for the year ended September 30, 2003, was \$258,755. The authority's contributions were calculated using the base salary amount of \$238,757. The authority made the required contributions of \$11,560 for the year ended September 30, 2003.

NOTE E - COMPENSATED ABSENCES

At September 30, 2003, employees of the authority have accumulated and vested \$20,764 of employee leave, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

NOTE F - PRIOR PERIOD ADJUSTMENTS AND CORRECTIONS OF ERRORS

The Public Housing Capital Fund Program recorded an immaterial prior period adjustment of \$423.

NOTE G - RISK MANAGEMENT

The authority is exposed to all common perils associated with the ownership and rental of real estate properties. To minimize loss occurrences and to transfer risk, the authority carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
Bogalusa, Louisiana
Notes to the Financial Statements, 2003 – Continued

NOTE H – FEDERAL COMPLIANCE CONTINGENCIES

The authority 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.

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

Board of Commissioners
Housing Authority of the City of Bogalusa
Bogalusa, Louisiana

I have audited the financial statements of the Housing Authority of the City of Bogalusa (the authority), as of and for the year ended September 30, 2003 and have issued my report thereon dated January 28, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 the authority'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 these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 finding number 2003-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority'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. However, I noted a

HOUSING AUTHORITY OF THE CITY OF BOGALUSA

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certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as finding number 2003-1.

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 general purpose 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However I consider the reportable conditions described above to be material weaknesses.

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

 **William Daniel McCaskill, CPA,**
APAC

Member Since 1988
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January 28, 2004

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**INDEPENDENT AUDITOR'S 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

Compliance

I have audited the compliance of the Housing Authority of the City of Bogalusa (the authority) 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, 2003. The authority's major federal program is 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 authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

I conducted my audit of compliance in accordance with: auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, 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 authority'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 authority's compliance with those requirements.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
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on Compliance... A-133, 2003
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As described in finding number 2003-1 in the accompanying schedule of findings and questioned costs, the authority, did not comply with requirements regarding procurement of services that is applicable to its Low Rent Public Housing Program and its Public Housing Capital Fund Program. Compliance with such requirements is necessary, in my opinion, for the authority, to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, the authority, 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 September 30, 2003.

Internal Control Over Compliance

The management of the authority 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 authority'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 OAG Circular A-133.

I noted a certain matter involving the internal control over compliance and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as finding number 2003-1.

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 noncompliance with the 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. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and,

HOUSING AUTHORITY OF THE CITY OF BOSSALUSA
Bogalusa, Louisiana
Independent Auditor's Report
on Compliance...A-150, 2002
Page Three

accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However I consider the reportable condition described above to be material weaknesses.

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



William Daniel McCaskill, CPA
A Professional Accounting Corporation

January 28, 2003

HOUSING AUTHORITY OF THE CITY OF BOSSALUSA
 Bogalusa, Louisiana
 Schedule of Expenditures of Federal Awards
 For Fiscal Year Ended September 30, 2000

Schedule 1

Federal Grant/Pass-through Grant/ Program or Cluster Title	CFDA #	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing	14.809a	779,210
Housing Choice Voucher Program	14.871	889,206
Public Housing Capital Fund Program	14.872	422,581
Total Federal Expenditures		<u>\$ 1,689,027</u>

Note A - Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the housing authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note B - Other Awards

\$199,726 of long-term debt guaranteed by HAJC, not included in the above schedule, is included in the equity section of the balance sheet.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
Bogalusa, Louisiana
Schedule of Prior Year Audit Findings
Fiscal Year Ended September 30, 2000

There were no findings in the prior audit.

HOUSING AUTHORITY OF THE CITY OF BOSSALUSA
Bogalusa, Louisiana
Schedule of Current Audit Findings and Questioned Costs
Fiscal Year Ended September 30, 2009

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the authority.
2. One (1) reportable condition disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards. The condition is reported as a material weakness.
3. One (1) instance of noncompliance material to the financial statements of the authority, which would be required to be reported in accordance with Government Auditing Standards, was disclosed during the audit.
4. One (1) reportable condition disclosed during the audit of internal control over major federal award programs is reported in the Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133. The condition is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for the authority expresses a qualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program: 14.672 - Capital Fund Program
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The authority qualified as a low-risk auditee.

HOUSING AUTHORITY OF THE CITY OF BOGALUSA
 Bogalusa, Louisiana
 Schedule of Current Audit Findings and Questioned Costs (Continued)
 Fiscal Year Ended September 30, 2003

**Findings – Financial Statement Audit and
 Major Federal Awards Programs Audit**

2003-1

Program(s)

Public Housing - CFDA 14.850a
 Housing Choice Vouchers - CFDA 14.871
 Capital Fund Program - CFDA 14.872

Condition

The housing authority failed to comply with the procurement policy as follows:

- The housing authority pays a monthly retainer of \$2,500 to an attorney for legal representation. The housing authority did not obtain bids for the services, nor do they have a contract for the services.
- The housing authority has local contractors do modernization work and in some cases does not follow proper procurement and does not execute a formal contract. One contractor was paid \$263,808 during the fiscal year whereas the two (2) contracts we located totaled \$78,381.
- The housing authority could not document the use of the Excluded Parties Listing System for these two (2) contracts.
- The contracts in question did not include a prevailing wage rate clause.
- The housing authority did not document testing of the certified payrolls that the contractor provided.

Criteria

The housing authority should follow its own procurement policy, State law, and Federal regulations, to the extent. These all require documentation of solicitation of contractors above a certain threshold.

Requirements of the capital fund program include the usage of the Excluded Parties Listing System, having prevailing wage rates in the contracts, and PWSA testing of the contractor supplied certified weekly payrolls.

Cause

It is unclear why the attorney was retained without documentation of procurement.

The modernization contract work was, in some cases, done on an emergency basis due to hazardous conditions affecting residents. In some cases, the scope

HOUSING AUTHORITY OF THE CITY OF BOSSALUSA

Bogalusa, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended September 30, 2003

of small jobs was increased after the work began which caused the work to go beyond the procurement thresholds.

Effect

The housing authority is in violation of it's own procurement policy, State law, and Federal regulation.

Questioned Costs

None

Perspective Information

Total operating expenses for the year was \$1,007,967. Total CFP fund costs for the year was \$623,776. Extraordinary maintenance totaled \$46,720 and casualty losses expense totaled \$18,629.

Recommendation

See Corrective Action Plan

HOUSING AUTHORITY OF THE CITY OF BOSSALUSA
Bogalusa, Louisiana
Corrective Action Plan for Current Year Findings
For Fiscal Year Ended September 30, 2003

**Findings – Financial Statement Audit and
Major Federal Awards Programs Audit**

2003-1

Recommendation

I recommend that the authority properly procure all services.

Action Planned

We will properly procure all future services including attorney fees and independent contractors.

Person Responsible

Randy Smith

Anticipated Completion Date

April 30, 2004

FINANCIAL AUTHORITY OF THE CITY OF BOZALISA
Bozalis, Missouri
Financial Statements
For Fiscal Year Ending September 30, 2007

Line Item Number	Account Description	Low Cost Funds Housing	CAF	Housing Choice Incentive	Capital	Total
131 Cash - unrestricted		124,700	-	240,000	-	364,700
134 Cash - trust security deposits		42,000	-	-	-	42,000
130 Total Cash		166,700	-	240,000	-	406,700
132 Accounts receivable - HUD other projects		-	-	-	21,100	21,100
133 Accounts receivable - tenants - housing costs		9,700	-	-	-	9,700
135 Allowance for doubtful accounts - delinquents		11,870	-	-	-	11,870
137 Prepaid expenses		600	-	140	-	740
139 Other receivables for other projects		20,400	-	140	-	20,540
140 Prepaid expenses and other assets		28,700	-	1,000	-	29,700
142 Investments		44,000	-	-	-	44,000
144 Intergovernmental - state funds		174,000	-	-	-	174,000
130 Total Other Assets		240,270	-	1,140	21,100	462,510
151 Land		237,074	-	-	-	237,074
152 Buildings		11,761,264	-	-	598,714	12,359,978
153 Furniture, equipment and machinery - housing		267,290	-	-	29,280	296,570
154 Furniture, equipment and machinery - administration		67,414	-	1,044	41,000	109,458
155 Leased improvements		798,281	-	-	-	798,281
156 Accumulated depreciation		(1,265,195)	-	(2,294)	(79,400)	(1,346,889)
157 Construction in progress		-	-	20,100	-	20,100
150 Total Buildings, net of accumulated depreciation		11,602,864	-	18,846	719,914	12,441,624
160 Total Other Assets		11,602,864	-	18,846	719,914	12,441,624
170 Total Assets		11,769,564	-	19,986	740,914	12,530,464
202 Accounts payable - utilities		30,000	-	-	-	30,000
203 Accounts payable - trust payable		1,000	-	-	-	1,000
204 Accounts payable - other		5,740	-	600	-	6,340
205 Accounts payable - HUD PIV Programs		-	-	9,074	-	9,074
206 Accounts payable - other government		11,000	-	-	-	11,000
207 Trust security deposits		42,000	-	-	-	42,000
208 Intergovernmental - state		-	-	151,000	21,100	172,100
200 Total Liabilities		134,740	-	161,100	21,100	316,940
304 Accounts Capitalized/Retained - Permanent		11,000	-	1,000	-	12,000
306 Retained/Unrestricted		11,000	-	1,000	-	12,000
300 Total Equity		22,000	-	2,000	-	24,000
402 LTD - HUD Government		98,720	-	-	-	98,720
404 LTD - HUD availability		1,000,000	-	-	-	1,000,000
400 Total LTD - HUD Capital		1,098,720	-	-	-	1,098,720
502 Unimproved/land interest/retained housing		80,000	-	80,000	200,000	360,000
500 Total Other Liabilities		80,000	-	80,000	200,000	360,000
500 Total Liabilities		224,740	-	241,100	200,000	665,840

HOUSING AUTHORITY OF THE CITY OF BOSTON
 Boston, Lincoln
 Financial Data Schedule
 For Fiscal Year Ended/September 30, 2007

Line Item Number	Account Description	Less Debt Pledge (Deduction)	Housing Charge Transfer	Capital	Total
700	Unallocated maintenance	100,000	-	-	100,000
704	Investment - other	100,000	-	-	100,000
700-704	Unallocated maintenance	200,000	-	-	200,000
706	Real estate grants	175,000	-	400,000	1,015,000
708	Capital Grants	-	-	200,000	200,000
710	Equipment Leases - accumulated	6,000	1,400	-	9,000
715	Other revenue	17,000	400	-	17,800
716	Gain or loss on sale of fixed assets	(7,000)	-	-	(7,000)
706-716	Real estate grants	175,000	1,400	600,000	1,376,400
Administrative					
811	Administrative salaries	100,000	10,000	-	110,000
812	Consulting fees	6,000	400	-	6,800
814	Commodities expenses	10,000	1,400	-	11,800
815	Employee benefit contributions - administrative	40,000	1,000	-	41,000
816	Other operating - administrative	70,000	5,000	100,000	175,000
Travel services					
824	Travel services - other	2,000	-	-	2,000
Other					
826	Other	20,000	-	-	20,000
828	Electricity	200,000	-	-	200,000
830	Gas	2,000	-	-	2,000
832	Other utility expenses	20,000	-	-	20,000
Ordinary Maintenance and Operation					
840	Ordinary maintenance and operations - other	175,000	-	-	175,000
842	Ordinary maintenance and operations - materials and other	50,000	-	-	50,000
844	Ordinary maintenance and operations - contract work	80,000	-	-	80,000
846	Employee benefit contributions - ordinary maintenance	40,000	-	-	40,000
Provision Expenses					
850	Provision expenses	80,000	1,000	-	81,000
852	Other provisions/expenses	400	20	-	420
854	Payments in lieu of taxes	17,000	-	-	17,000
856	Insurance - miscellaneous	10,000	-	-	10,000
850-856	Provision Expenses	147,400	1,020	-	148,420
870	Capital Grants - Other	200,000	-	200,000	400,000
Other					
872	Contractors' maintenance	80,000	-	-	80,000
874	Contract fees - non-capital	10,000	-	-	10,000
876	Insurance contract payments	-	100,000	-	100,000
878	Depreciation expense	17,000	-	50,000	67,000
872-878	Other	107,000	100,000	50,000	257,000
880	Operating expenses	60,000	-	-	60,000
882	Operating expenses - other	60,000	-	60,000	120,000
880-882	Operating expenses	120,000	-	60,000	180,000
890	Other	60,000	-	60,000	120,000
GRAND ACCOUNT BALANCE FROM					
100	Depreciation	100,000	100,000	100,000	300,000
104	Plus: period adjustments, study transfers, and correction of errors	400,000	(500,000)	(500)	100,000
110	Minimum annual contribution payments (for ACI)	-	100,000	-	100,000
115	Contingency reserve, ACI program reserve	-	50,000	-	50,000
116	Transferrable contributions available	-	400,000	-	400,000
120	Law Month Available	4,000	1,000	-	5,000
124	Reserve of undistributed assets	2,000	1,000	-	3,000