

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 1996

	Special Revenue Funds		
	Budget	Actual	Variance Favorable <Unfavorable>
Revenues:			
Rents	\$ 129,080.00	\$ 130,456.98	\$ 1,376.98
Operational subsidies/grants	55,422.00	55,422.00	.00
Interest	4,420.00	3,894.10	(525.90)
Miscellaneous	360.00	745.45	385.45
Total Revenues	\$ 189,282.00	\$ 190,518.53	\$ 1,236.53
Expenditures			
Current:			
Administrative salaries	\$ 40,690.00	\$ 40,688.04	\$ 1.96
Professional fees	4,290.00	4,534.00	(244.00)
Travel	3,500.00	2,936.74	563.26
Sundry administration	7,220.00	7,103.24	116.76
Utilities	4,120.00	5,438.83	(1,318.83)
Maintenance salaries	38,850.00	38,844.00	6.00
Maintenance materials	11,500.00	8,560.14	2,939.86
Other maintenance costs	15,760.00	13,484.65	2,275.35
Insurance	24,470.00	23,352.11	1,117.89
PILOT	12,500.00	12,338.14	161.86
Employee benefits	34,480.00	31,871.92	2,608.08
Collection losses	520.00	.00	520.00
Capital expenditures	3,030.00	1,514.97	1,515.03
Total Expenditures	\$ 200,930.00	\$ 190,666.78	\$ 10,263.22
Excess of Revenues over <under> Expenditures	\$ (11,648.00)	\$ (148.25)	\$ 11,499.75
Fund Balance, beginning of period		91,629.59	
Fund Balance, end of period		\$ 91,481.34	

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

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Notes to the Financial Statements
December 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Organization. The entity is chartered as a public corporation for the purpose of administering housing programs for low income families.

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 income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds.

- B. Financial reporting. The financial reporting policies of the entity conform to generally accepted accounting principles.

Specific accounting policies. The following is a summary of significant accounting policies:

1. Financial reporting entity. The entity is a public corporation, legally separate and fiscally independent. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Housing Authority of the City of Bunkie, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups, and programs which are controlled by the entity's governing body.
2. Fund accounting. The accounts of the entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type (governmental) and the following broad fund categories:

Governmental Fund Types

Special revenue fund - The special revenue funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital projects fund - The capital projects fund is used to account for financial resources to be used for the acquisition, construction, and major renovation of major capital facilities.

Special reporting treatment is also applied in governmental funds when prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

3. Fixed assets and long-term liabilities. The accounting and reporting treatment applied to fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets.

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The entity does not capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity. During project development, interest expenditures were capitalized under pre-1987 financing arrangements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to financed developments, *interest expenditures are not accrued but are recorded when paid.*

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.

The two above-named account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

4. Basis of accounting. All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All significant revenue sources are susceptible to accrual.

Expenditures in governmental fund types are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

Vested and earned vacation and sick leave that are not accrued are reported in the general long-term debt account group. No expenditure is reported for those amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The entity does not utilize encumbrance accounting.

5. Supplemental financial information - statutory basis. The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:
- a. Governmental fund accounting principles are not utilized.
 - b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.
 - c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.
 - d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
 - e. Premiums and/or discounts on bonds are recognized in income or expense in the year bonds are sold.
 - f. The cost of accumulated unpaid vacation and sick leave is not accrued.
 - g. Financial statement formats vary from GAAP.
 - h. The entity does not utilize encumbrance accounting.
 - i. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as Fixed Assets may include costs substantially in excess of value.
 - j. During project development, interest expenditures are capitalized under pre-1987 financing agreements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to completion of Pre-1987 financed developments, interest expenditures are not accrued but are recognized when paid.

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

6. Comparative data. Comparative total data for the prior year have been presented in some accompanying financial statements in order to provide an understanding of changes in the entity's financial position and operations. However, comparative data by fund type have not been presented in each of the statements since inclusion of such data would make the statements unduly complex and difficult to read.
 7. Total columns on combined statements. Total columns on the combined statements are captioned Memo Totals to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
- C. Budget. The entity follows these procedures in establishing the budgetary data reflected in the financial statements:
1. The entity prepares annual budgets for each fund (except Debt Service Fund and the Capital Projects Fund). Prior to the beginning of each budget year, the entity's annual budget is approved by the entity's governing body. Budgetary amendments require approval by the governing body. Budget amounts shown in the financial statements are the final authorized amounts for the year. All budgetary appropriations lapse at the end of each fiscal year.
 2. Budgets for the Capital Projects Fund are prepared on a project-life basis rather than on an annual basis and, therefore, have been omitted from the accompanying financial statements.
 3. Budgets for the Debt Service Fund are not prepared inasmuch as all revenues and expenditures of this fund are controlled by and processed by HUD. The entity records Debt Service Fund transactions from documents supplied by HUD.
- D. Income taxes. The entity is not subject to federal or state income taxes.
- E. Cash and cash equivalents. The entity defines cash to include certificates of deposit, money market funds, savings accounts, and demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.
- F. Investments. The entity defines investments to include certificates of deposit with maturities of greater than three months, consequently, the cost, carrying value, and market value are equivalent.

NOTE 2 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at December 31, 1996. The categories are described as follows:

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

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

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 123,238.31	\$ 123,238.31	\$.00	\$.00

NOTE 3 - RESTRICTED CASH

Restricted cash consists of the following:

	Owned Housing Program
Debt Service Fund	\$ 333.51

NOTE 4 - FIXED ASSETS

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 239,351.39	\$ 106,355.00	\$.00	\$ 345,706.39
Building	1,684,310.89	93,645.00	.00	1,777,955.89
Equipment	93,707.07	1,514.97	.00	95,222.04
Const. in progress	4,174.00	195,826.00	200,000.00	.00
Total	\$ 2,021,543.35	\$ 397,340.97	\$ 200,000.00	\$ 2,218,884.32

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 federal government and to protect other interests of the federal government.

NOTE 5 - FIXED LIABILITIES

Fixed liabilities consist of the following:

	Interest Rate	Principal Balance
Payroll related costs		\$ 4,730.03
FFB note dated September 4, 1981	6.60%	18,177.95
FFB note dated September 4, 1981	6.60%	85,512.81
Bonds payable, December 1, 1962 series	3.25%	123,932.23
Total		\$ 232,353.02

The Federal Financing Bank note is payable in annual installments of \$35,025.70, including principal and interest. All annual installments to maturity are payable by HUD. The note matures November 1, 2003.

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

The bonds mature in series annually in varying amounts with the final maturity date in 2003. All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

Changes in fixed liabilities are as follows:

	FFB Notes	Bonds	Payroll Related Costs
Bal., beg. of period	\$ 130,105.94	\$ 139,343.49	\$ 7,606.04
Principal retirement	(26,415.18)	(15,411.26)	.00
Net Change	.00	.00	(2,876.01)
Bal., end of period	<u>\$ 103,690.76</u>	<u>\$ 123,932.23</u>	<u>\$ 4,730.03</u>

Scheduled retirements of fixed liabilities are as follows:

	FFB Notes	Bonds	Interest	Total
Within one year	\$ 28,182.08	\$ 16,053.39	\$ 10,871.41	\$ 55,106.88
Within second year	10,664.41	16,695.53	8,489.63	35,849.57
Within third year	11,368.26	17,337.66	7,243.17	35,949.09
Within fourth year	12,108.89	17,979.80	5,939.07	36,027.76
Within fifth year	12,917.75	18,621.93	4,545.87	36,085.55
Thereafter	28,449.37	37,243.92	4,620.48	70,313.77

NOTE 6 - RETIREMENT PLAN

The entity provides pension 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 month exc usionary period. 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 immediately.

The entity's total payroll in fiscal year ended December 31, 1996 was \$83,282.00. The entity's contributions were calculated using the base salary amount of \$70,870.13. Contributions to the plan were \$5,669.61.

NOTE 7 - CONTINGENCIES

The entity is subject to possible examinations made 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 refunds by the entity to federal grantors and/or program beneficiaries.

SUPPLEMENTAL FINANCIAL INFORMATION

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Schedule of Federal Financial Assistance
Year Ended December 31, 1996

Federal Grantor/ Program Title	Grant ID Number	Federal CFDA Number	Current Year Program or Award Amount	Balance Beginning of Year - Cash/ Receivable/ (Payable)	Grant Receipts or Revenue Recognized	Grant Disbursements/ Expenditures	Balance End of Year Cash/Receivable (Payable)
U.S. Department of Housing & Urban Development							
Direct Programs:							
Low-Income Housing							
Annual Contribution	FW-586	14.850	\$ 55,257.47	\$ 20,231.77	\$ 55,257.47	\$ 55,257.47	\$ 20,231.77
Operating Subsidies	FW-586	14.850	55,422.00	.00	55,422.00	55,422.00	.00
Total Low-Income Housing			\$ 110,679.47	\$ 20,231.77	\$ 110,679.47	\$ 110,679.47 *	\$ 20,231.77
CIAP			\$.00	4,174.00	\$ 200,000.00	\$ 195,826.00	\$.00
Total HUD			\$ 110,679.47	\$ 24,405.77	\$ 310,679.47	\$ 306,505.47	\$ 20,231.77

* Major program as defined by OMB Circular A-128.

As specified in OMB Q & A, Federal Register Vol. 52, No. 219, 11-13-87, Q.7 and Q.33, the following outstanding governmental guaranteed loan balances were used in determining major program status: 227,622.99

See Notes to Financial Statements.

Housing Authority of the City of Bunkie
 Bunkie, Louisiana

Analysis of Surplus - Statutory Basis
 Year Ended December 31, 1996

Annual Contributions Contract FW-586

Unreserved surplus	
Balance per 12-31-95 audit	\$ (1,651,505.79)
Prior audit AJEs subsequently booked	(7,616.28)
Adjustment prior year	.30
Net income (loss) FYE 12-31-96	(59,578.18)
OR provision FYE 12-31-96	(12,005.21)
Balance at 12-31-96	<u>\$ (1,730,705.16)</u>
Reserved surplus	
Balance per 12-31-95 audit	\$ 85,588.88
Adjustment to prior year	(.30)
OR provision FYE 12-31-96	12,005.21
Balance at 12-31-96	<u>\$ 97,593.79</u>
Cumulative contributions from HUD	
Balance per 12-31-95 audit	\$ 3,425,739.85
Contribution FYE 12-31-96	55,257.47
Operating subsidy FYE 12-31-96	55,422.00
Balance at 12-31-96	<u>\$ 3,536,419.32</u>
Grants from HUD	
Grants FYE 12-31-96	\$ 200,000.00
Balance at 12-31-96	<u>\$ 200,000.00</u>
Total Surplus	<u><u>\$ 2,103,307.95</u></u>

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Statement of Income and Expenses - Statutory Basis
Owned Housing Program
Year Ended December 31, 1996

Annual Contributions Contract FW-586

Operating income	
Dwelling rental	\$ 130,456.98
Interest on general fund investments	3,894.10
Other income	745.75
Total operating income	\$ 135,096.83
Operating Expenses	
Administration	\$ 55,262.02
Utilities	5,438.83
Ordinary maintenance and operation	56,326.79
General expense	67,562.17
Nonroutine maintenance	4,562.00
Total operating expenses	\$ 189,151.81
Net operating income (loss) before other items	\$ (54,054.98)
Other charges (credits)	
Interest expense	\$ 13,139.18
Prior year adjustments affecting RR	(6,040.71)
Prior year adjustments not affecting RR	(1,575.27)
Total other charges (credits)	\$ 5,523.20
Net Income (Loss)	\$ (59,578.18)

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-
All Governmental Fund Types
Year Ended December 31, 1996

Governmental Fund Types

	Special Revenue	Debt Service	Capital Projects	Memo Totals 1996	Memo Totals 1995
Revenues:					
Rents	\$ 130,456.98	\$.00	\$.00	\$ 130,456.98	\$ 126,423.73
Operational subsidies/grants	55,422.00	55,257.47	195,826.00	306,505.47	123,060.47
Interest	3,894.10	.00	.00	3,894.10	4,080.38
Miscellaneous	745.45	.00	.00	745.45	439.72
Total Revenues	\$ 190,518.53	\$ 55,257.47	\$ 195,826.00	\$ 441,602.00	\$ 254,004.30
Expenditures					
Current:					
Housing operations	\$ 189,151.81	\$.00	\$.00	\$ 189,151.81	\$ 170,149.96
Capital outlay	1,514.97	.00	195,826.00	197,340.97	14,535.28
Debt service:					
Principal	.00	41,826.44	.00	41,826.44	40,213.05
Interest	.00	13,139.18	.00	13,139.18	15,253.44
Total Expenditures	\$ 190,666.78	\$ 54,965.62	\$ 195,826.00	\$ 441,458.40	\$ 240,151.73
Excess of Revenues over (under) Expenditures	\$ (148.25)	\$ 291.85	\$.00	\$ 143.60	\$ 13,852.57
Fund Balance, beginning of period	91,629.59	20,273.43	.00	111,903.02	98,050.45
Fund Balance, end of period	\$ 91,481.34	\$ 20,565.28	\$.00	\$ 112,046.62	\$ 111,903.02

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

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Housing Authority of the City of Bunkie
Bunkie, Louisiana

Schedule and Certification of Actual Modernization Costs
December 31, 1996

Annual Contributions Contract FW-586

LA48P06290195

1. Funds approved	\$	200,000.00
Funds expended		200,000.00
Excess of funds approved	\$.00

2. Funds advanced	\$	200,000.00
Funds expended		200,000.00
Excess (deficiency) of funds advanced	\$.00

3. The distribution of costs by project as shown on the Final Statement of Modernization Cost accompanying the Actual Modernization Cost Certificate dated 12/30/96, submitted to HUD for approval is not in agreement with the PHA records. All modernization costs have been paid and all related liabilities have been discharged through payment.

	Balance per Cost Certificate	Balance per Books	Difference
Fees and Costs	\$ 18,000.00	\$ 18,702.00	\$ (702.00)
Site Improvement	114,558.00	106,355.00	8,203.00
Dwelling Structures	67,442.00	74,943.00	(7,501.00)
Total	\$ 200,000.00	\$ 200,000.00	\$.00

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Analysis of General Fund Cash Balance
December 31, 1996

Annual Contributions Contract FW-586

Assets and Other Items

Cash	\$	21,008.03
Accounts receivable-tenants		129.08
Accounts receivable-other		250.00
Prepaid insurance		5,237.00
Investments		82,550.85
Total	\$	<u>109,174.96</u>

Liabilities, Reserves, and Other Items

Tenants' security deposits	\$	4,950.00
Accrued and withheld payroll taxes		405.48
Accrued PILOT		12,338.14
Operating reserve per PHA		97,593.79
Adjustments affecting OR (backed out)	(6,112.45)
Total	\$	<u>109,174.96</u>

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Owned Housing Program

Adjusting Journal Entries
December 31, 1996

Annual Contributions Contract FW-586

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
HUD Annual Contrib. Receivable	1176	1176	\$ 261.24	
FFB Notes	2312	2312	1,613.79	
Interest Expense	5610	6020		\$ 1,613.40
Cumulative HUD Annual Contrib. To adjust debt related accounts at 12/31/96.	2840	2840		261.63
(2)				
Insurance Expense	4510	6010	6,188.83	
Prepaid Insurance	1211	1211		6,188.83
To adjust insurance at 12/31/96.				
(3)				
Investments	1162	1162	76.38	
Interest Income	3610	6010		76.38
To adjust to balance confirmed by bank at 12/31/96.				

NON-FINANCIAL SECTION

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Independent Auditors' Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1996

Questioned
Costs

\$.00

1. UNDOCUMENTED EXPENDITURES

Finding

Our tests of contract labor disclosed payments for office cleaning without adequate documentation. This contract involved a relative of an employee of the PHA.

Recommendation

Review the personnel policy regarding employment practices and obtain proper documentation. Review work relationships to ascertain the propriety of using contract labor instead of employee status.

Reply

We will do so.

2. NO DEPOSITORY AGREEMENT

.00

Finding

No depository agreement could be found for American Security Bank. The PHA's Annual Contribution Contract calls for such an agreement.

Recommendation

Obtain a depository agreement with American Security Bank.

Reply

We will obtain a depository agreement.

Auditor Follow-up

An agreement was obtained and a copy sent to us subsequent to the audit fieldwork.

3. ANNUAL PHYSICAL INVENTORY OF NONEXPENDABLE PROPERTY WAS NOT PERFORMED; CERTIFIED COPY OF NONEXPENDABLE EQUIPMENT WAS NOT PROVIDED TO FEE ACCOUNTANT

.00

Finding

Section 309, Part II, of the Annual Contributions Contract, and chapters 7 and 14 of the Low Rent Housing Accounting Handbook RHM 7510.1, require that the PHA shall take an annual physical inventory of all items of nonexpendable equipment at least once each fiscal year, shall keep a permanent record thereof, and shall furnish to the fee accountant a certified copy thereof.

Annual inventories were not taken for the fiscal year ended nor has the fee accountant been given a certified copy of annual inventories of nonexpendable equipment. The PHA should comply with the above provisions.

Recommendation

Prepare an annual physical inventory as defined above and provide a copy to your fee accountant.

Reply

We will do so.

Independent Auditors' Report on Compliance Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of the City of Bunkie
712 Keller
Bunkie, LA 71322

We have audited the general purpose financial statements of Housing Authority of the City of Bunkie as of and for the year ended December 31, 1996, and have issued our report thereon dated March 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Housing Authority of the City of Bunkie is the responsibility of the authority's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.

March 19, 1997

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Independent Auditors' Report on Compliance with Specific Requirements
Applicable to Major HUD Programs

Board of Commissioners
Housing Authority of the City of Bunkie
712 Keller
Bunkie, LA 71322

We have audited the general purpose financial statements of Housing Authority of the City of Bunkie as of and for the year ended December 31, 1996, and have issued our report thereon dated March 19, 1997.

We have also audited Housing Authority of the City of Bunkie compliance with the specific program requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; claims for advances and reimbursements; and special test and provisions that are applicable to each of its major HUD-assisted programs, for the year ended December 31, 1996. The management of Housing Authority of the City of Bunkie is responsible for the authority's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, "Audits of State and Local Governments" and the provisions of the Public and Indian Housing Compliance Supplement dated May 29, 1996. Those standards and the OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Housing Authority of the City of Bunkie complied, in all material respects, with the requirements described above that are applicable to each of its HUD-assisted programs for the year ended December 31, 1996.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.

March 19, 1997

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Independent Auditors' Report on Compliance with the General Requirements
Applicable to Federal Financial Assistance Programs

Board of Commissioners
Housing Authority of the City of Bunkie
712 Keller
Bunkie, LA 71322

We have audited the general purpose financial statements of Housing Authority of the City of Bunkie as of and for the year ended December 31, 1996, and have issued our report thereon dated March 19, 1997.

We have applied procedures to test Housing Authority of the City of Bunkie compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended December 31, 1996:

Political Activity
Davis-Bacon Act
Civil Rights
Cash Management
Federal Financial Reports (Claims for Advances and Reimbursements)
Allowable costs/Cost principles
Drug-Free Workplace Act
Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the authority's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Housing Authority of the City of Bunkie had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.

March 19, 1997

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Independent Auditors' Report on Compliance with Specific Requirements
Applicable to NonMajor Federal Financial Assistance Program Transactions

Board of Commissioners
Housing Authority of the City of Bunkie
712 Keller
Bunkie, LA 71322

We have audited the general purpose financial statements of Housing Authority of the City of Bunkie as of and for the year ended December 31, 1996, and have issued our report thereon dated March 19, 1997.

In connection with our audit of the general purpose financial statements of Housing Authority of the City of Bunkie as of and for the year ended December 31, 1996, and with our consideration of the authority's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the authority's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Housing Authority of the City of Bunkie had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.

March 19, 1997

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Independent Auditors' Report on the Internal Control Structure Based on an Audit of
General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of the City of Bunkie
712 Keller
Bunkie, LA 71322

We have audited the general purpose financial statements of Housing Authority of the City of Bunkie as of and for the year ended December 31, 1996, and have issued our report thereon dated March 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

The management of Housing Authority of the City of Bunkie is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Housing Authority of the City of Bunkie for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Our study of the authority's internal control structure disclosed a reportable condition in internal controls relating to segregation of duties. Due to its limited size the entity does not have the personnel to adequately separate the internal accounting control duties. The segregation of duties is a decision that must be made by management on a cost-benefit basis. Management must determine if the costs of implementing an adequate internal control system will outweigh the benefits derived from such a system. This reportable condition is inherent in all small entities, and should not be construed as a failure in proper management. We concur with management's opinion that the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Consequently, this should not be considered a controlled audit finding.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

March 19, 1997

Van Rheenen & Miller, Ltd.

VanRheenen & Miller, Ltd.
Certified Public Accountants

Independent Auditors' Report

Board of Commissioners
Housing Authority of the City of Bunkie
712 Keller
Bunkie, LA 71322

We have audited the accompanying general purpose financial statements of Housing Authority of the City of Bunkie as of December 31, 1996, and for the year then ended, as listed in the table of contents. These general purpose financial statements and the supplemental financial information and supplemental financial information - statutory basis referred to below are the responsibility of the authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we 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 significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the City of Bunkie as of December 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 19, 1997 on our consideration of Housing Authority of the City of Bunkie's internal control structure and a report dated March 19, 1997 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements. The accompanying financial information listed as supplemental financial information and supplemental financial information - statutory basis in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Housing Authority of the City of Bunkie. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole. As described in Note 1, the supplemental financial information - statutory basis was prepared in conformity with the accounting practices prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. Such supplemental financial information - statutory basis has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in conformity with the comprehensive basis of accounting described in Note 1.

March 19, 1997

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Independent Auditors' Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 1996

	<u>Questioned Costs</u>
4. MODERNIZATION COST CERTIFICATE	\$.00

Finding

The final modernization cost certificate submitted to HUD for CIAP LA48P06290195 is not in agreement with the balances in the general ledger.

Recommendation

A reconciliation of these records should be accomplished and reported to HUD.

Reply

We will do so.

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1996

	Governmental Fund Types			Account Groups			Memo Totals 1996	Memo Totals 1995
	Special Revenue	Debt Service	Capital Projects	General Fixed Assets	General Long-term Debt			
ASSETS AND OTHER DEBITS								
Assets:								
Cash	\$ 21,008.03	\$.00	\$.00	\$.00	\$.00	\$ 21,008.03	\$ 101,740.77	
Investments	82,550.85	.00	.00	.00	.00	82,550.85	.00	
Receivables:								
Accounts	129.08	.00	.00	.00	.00	129.08	.00	
Other governments	.00	20,231.77	.00	.00	.00	20,231.77	24,405.77	
Other	250.00	.00	.00	.00	.00	250.00	250.00	
Due from other funds	.00	.00	.00	.00	.00	.00	4,174.00	
Prepaid items	5,237.00	.00	.00	.00	.00	5,237.00	6,440.71	
Restricted assets:								
Cash	.00	333.51	.00	.00	.00	333.51	41.66	
Fixed assets	.00	.00	.00	2,218,884.32	.00	2,218,884.32	2,021,543.35	
Other debits:								
Amount avail. in debt service fund	.00	.00	.00	.00	20,565.28	20,565.28	20,273.43	
Amt. to be provided for retirement of general long term debt	.00	.00	.00	.00	211,787.74	211,787.74	256,782.04	
TOTAL ASSETS AND OTHER DEBITS	\$ 109,174.96	\$ 20,565.28	\$.00	\$ 2,218,884.32	\$ 232,353.02	\$ 2,580,977.58	\$ 2,435,651.73	
LIABILITIES, EQUITY, AND OTHER CREDITS								
Liabilities:								
Accounts payable:								
Trade	\$ 405.48	\$.00	\$.00	\$.00	\$.00	\$ 405.48	\$ 3,776.29	
Security deposits	4,950.00	.00	.00	.00	.00	4,950.00	4,590.00	
Due to other funds	.00	.00	.00	.00	.00	.00	4,174.00	
Accrued PILOT	12,338.14	.00	.00	.00	.00	12,338.14	12,159.60	
Deferred revenue	.00	.00	.00	.00	.00	.00	450.00	
Fixed liabilities	.00	.00	.00	.00	232,353.02	232,353.02	277,055.47	
Total liabilities	\$ 17,693.62	\$.00	\$.00	\$.00	\$ 232,353.02	\$ 250,046.64	\$ 302,205.36	
Equity and Other Credits:								
Investment in general fixed assets	\$.00	\$.00	\$.00	\$ 2,218,884.32	\$.00	\$ 2,218,884.32	\$ 2,021,543.35	
Fund balances:								
Reserved for debt service	.00	20,565.28	.00	.00	.00	20,565.28	20,273.43	
Reserved for prepaids	5,237.00	.00	.00	.00	.00	5,237.00	6,440.71	
Unreserved, undesignated	86,244.34	.00	.00	.00	.00	86,244.34	85,188.88	
Total Equity and Other Credits	\$ 91,481.34	\$ 20,565.28	\$.00	\$ 2,218,884.32	\$.00	\$ 2,330,930.94	\$ 2,133,446.37	
TOT. LIAB., EQUITY AND OTHER CREDITS	\$ 109,174.96	\$ 20,565.28	\$.00	\$ 2,218,884.32	\$ 232,353.02	\$ 2,580,977.58	\$ 2,435,651.73	

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the Board of Commissioners, management and U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

March 19, 1997

Van Rheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Activity Cycles

- Treasury or financing
- Revenue/receipts
- Purchases/disbursements
- External financial reporting
- Payroll/personnel

General Requirements

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace
- Administrative requirements

Specific Requirements

- Types of services allowed or unallowed
- Eligibility
- Reporting
- Cost allocation
- Special tests and provisions

Claims for Advances and Reimbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1996, Housing Authority of the City of Bunkie expended 100 percent of its total federal financial assistance under major federal financial assistance programs and the following nonmajor federal financial assistance program: CIAP.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the authority's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance and the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the authority's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Our study of the authority's internal control structure disclosed a reportable condition in internal controls relating to segregation of duties. Due to its limited size, the entity does not have the personnel to adequately separate the internal accounting control duties. The segregation of duties is a decision that must be made by management on a cost-benefit basis. Management must determine if the costs of implementing an adequate internal control system will outweigh the benefits derived from such a system. This reportable condition is inherent in all small entities, and should not be construed as a failure in proper management. We concur with management's opinion that the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Consequently, this should not be considered a controlled audit finding. Our study of the authority's internal control structure and its operation disclosed reportable conditions relating to undocumented expenditures, no depository agreement, no annual physical inventory, and modernization cost certificate differences, which is disclosed in the accompanying schedule of findings and questioned costs.

Independent Auditors' Report on the Internal Control Structure Used in
Administering Federal Financial Assistance Programs

Board of Commissioners
Housing Authority of the City of Bunkie
712 Keller
Bunkie, LA 71322

We have audited the general purpose financial statements of Housing Authority of the City of Bunkie for the year ended December 31, 1996, and have issued our report thereon dated March 19, 1997. We have also audited Housing Authority of the City of Bunkie's compliance with requirements applicable to federal financial assistance programs and have issued our report thereon dated March 19, 1997.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether Housing Authority of the City of Bunkie complied with laws and regulations, noncompliance with which would be material to a federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1996, we considered the authority's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the authority's general purpose financial statements and on its compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated March 19, 1997.

The management of Housing Authority of the City of Bunkie is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

4014

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

**Financial Statements and Supplemental Financial Information
Year Ended December 31, 1996
with
Reports of Certified Public Accountants
on Financial and Compliance Examination**

11-01-1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date AUG 09 1997

VanRheenen & Miller, Ltd.
Certified Public Accountants
1309 East Race Avenue
Searcy, Arkansas 72143

9.1

FINANCIAL SECTION

GENERAL PURPOSE FINANCIAL STATEMENTS

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Independent Auditors' General Comments
December 31, 1996

1. There were no findings in the next preceding audit.
2. The PHA administers the following programs: 106 units of public housing and a CIAP.