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HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
BOSSIER CITY, LOUISIANA

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FINANCIAL STATEMENTS

Year 1968

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Release Date 11-11-78

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

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**UNQUALIFIED OPINION ON GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS - GOVERNMENTAL ENTITY**

Independent Auditor's Report

Board of Commissioners
Hearing Authority of the
City of Bossier City
Bossier City, Louisiana

We have audited the accompanying general purpose financial statements of the Hearing Authority of the City of Bossier City, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Hearing 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These 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. A audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material aspects, the financial position of the Hearing Authority of the City of Bossier City, Louisiana, as of June 30, 1998, 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 August 26, 1998 on our examination of the Hearing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of issuing an opinion on the general purpose financial statements of the Hearing Authority of the City of Bossier City, Louisiana, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and as required by U.S. Office of Management and Budget Circular A-113, *Audit of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the general purpose financial statements taken as a whole. The accompanying supplemental information is identified as:

- a. **Supplemental Information Schedules - Generally Accepted Accounting Principles Basis** has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.
- b. **Supplemental Information Schedules - HUD Prescribed Format**, which is an Other Comprehensive Basis of Accounting, has been subject to the procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the following differences, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole:

	<u>GAAP Basis</u>	<u>HUD Prescribed Format</u>
Financial Statement Presentation		
Fund accounting	Used	Not used
Facilities acquisition and construction	Expansions	Capitalized
Routine prior year adjustments	Expensing fund balance adjusted	Current expensing of receipt
Principal payments on notes and bonds	Expansions	Reduction of the liability
Receipts from federal source	Revenues	Credited in surplus
Basis of Accounting		
Federal Grants for Capital Projects	Modified Accrual	Cash
Interest expense	Modified Accrual	Accrual
Loss on disposition of equipment	Modified Accrual	Accrual

Smith Park Subcommunity LLP
 Certified Public Accountants

August 15, 1998

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1998

	Governmental Funds			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds
Assets and Other Debits				
Assets:				
Cash and cash equivalents	\$ 436,580	\$ 909,856	\$ 369	\$ -
Receivables	1,266	11,904	868,881	62,387
Investment receivables	3,866	-	-	-
Prepaid items	71,294	-	-	-
Inventory	24,468	-	-	-
Land, buildings, and equipment	-	-	-	-
Other debits:				
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total Assets and Other Debits	<u>\$ 546,210</u>	<u>\$ 921,760</u>	<u>\$ 148,150</u>	<u>\$ 62,387</u>
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts payable	\$ 80,480	\$ 13,744	\$ -	\$ 82,194
Interest payable	-	2,866	-	-
Deposits due others	-	-	-	-
Deferred revenues	1,066	-	148,182	-
Compensated absences payable	-	-	-	-
Notes and bonds payable	-	-	-	-
Total Liabilities	<u>82,546</u>	<u>16,610</u>	<u>148,182</u>	<u>82,194</u>
Equity and Other Credits:				
Investment in general fund assets	-	-	-	-
Fund balances:				
Reserved for property purchase	18,120	-	-	-
Reserved for debt payment	-	-	369	-
Reserved for inventory	24,468	-	-	-
Reserved for prepaid items	71,294	-	-	-
Unreserved and undesignated	172,188	931,723	-	(21,817)
Total Equity and Other Credits	<u>466,068</u>	<u>931,723</u>	<u>369</u>	<u>(21,817)</u>
Total Liabilities, Equity and Other Credits	<u>\$ 546,210</u>	<u>\$ 921,760</u>	<u>\$ 148,150</u>	<u>\$ 62,387</u>

	Account Groups			Total (Millions of Dollars)			
	Fiduciary Funds-Agency Funds	General Fixed Assets	General Long-Term Obligations				
\$	69,733	\$	-	\$	-	\$	1,446,141
	-		-		-		348,639
	-		-		-		2,866
	-		-		-		77,294
	-		-		-		38,668
	-	20,469,806	-		-		10,450,806
	-				569		569
					3,949,211		3,949,211
<u>\$</u>	<u>69,733</u>	<u>\$ 20,469,806</u>	<u>\$ 3,949,281</u>	<u>\$</u>	<u>37,818,816</u>		
\$	-	\$	-	\$	-	\$	200,200
	-		-		-		3,866
	69,733		-		-		69,733
	-		-		-		189,286
	-		-		-		77,294
	-		-		-		3,211,838
	69,733		-		-		3,299,792
		20,469,806			-		20,469,806
					-		38,121
					-		569
					-		24,888
					-		77,294
					-		1,229,026
		20,469,806			-		21,870,124
<u>\$</u>	<u>69,733</u>	<u>\$ 20,469,806</u>	<u>\$ 3,949,281</u>	<u>\$</u>	<u>37,818,816</u>		

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
Year Ended 1998

	General Fund	Special Accounts Fund	Debt Service Fund	Capital Projects Fund	Total Administrative Costs
Revenues					
Local Sources:					
Funding rental	\$ 601,799	\$ 913,794	\$ -	\$ -	\$ 1,515,593
Interest earnings	22,211	22,410	-	-	44,744
Other	71,481	28,475	-	-	100,957
Proceeds from sale of real estate	18,021	-	-	-	18,021
Federal Sources:					
Operating subsidy	314,343	-	-	-	314,343
Annual contributions	-	-	188,190	-	188,190
Grants	-	878,212	-	241,798	1,120,202
Total revenues	<u>1,015,854</u>	<u>1,824,386</u>	<u>188,190</u>	<u>241,798</u>	<u>3,369,228</u>
Expenditures					
Current:					
Administration	240,098	146,945	-	-	387,043
Utilities	81,621	74,412	-	-	156,033
Ordinary maintenance & operations	371,223	297,189	-	-	668,412
General expenditures	265,948	82,960	-	-	348,908
Sewerworks maintenance	126,872	-	-	-	126,872
Housing assistance payments	-	692,654	-	-	692,654
Facilities Acquisition and Construction	27,699	183,742	-	241,798	453,239
Debt Service:					
Principal retirement	-	-	182,660	-	182,660
Interest and bond charges	-	-	63,528	-	63,528
Total expenditures	<u>1,093,561</u>	<u>1,823,828</u>	<u>248,188</u>	<u>241,798</u>	<u>2,310,375</u>
Excess (deficiency) of Revenues over Expenditures	(68,707)	940,558	(60,000)	-	100,251
Transfers (+/-)	(708,719)	208,154	-	-	-
Fund Balances at Beginning of Year	\$16,581	277,687	241	-	1,095,582
Fund Balances at End of Year	<u>\$15,862</u>	<u>\$485,841</u>	<u>181</u>	<u>-</u>	<u>\$1,195,833</u>

The notes to the financial statements are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
Governmental Funds - General Fund
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Local sources:			
Dwelling units	\$ 625,440	\$ 683,798	\$ (58,358)
Interest earnings	27,140	23,711	(3,429)
Other	8,800	92,885	(84,085)
Federal sources:			
Operating subsidy	<u>334,143</u>	<u>336,145</u>	<u>-</u>
Total revenues	<u>1,005,523</u>	<u>1,432,637</u>	<u>427,114</u>
Expenditures			
Current:			
Administration	226,480	248,598	(22,118)
Utilities	61,240	58,801	2,439
Dwelling maintenance & operations	790,890	793,223	(2,333)
General expenditures	144,890	163,948	(19,058)
Nonrecording maintenance	71,584	136,073	(64,489)
Facilities acquisition and construction	<u>43,875</u>	<u>23,697</u>	<u>20,178</u>
Total expenditures	<u>1,439,949</u>	<u>1,424,340</u>	<u>15,609</u>
Excess (Deficiency) of Revenues Over Expenditures	(117,857)	(81,703)	(36,146)
Transfers - Net	(116,754)	(108,794)	(7,960)
Fund Balances at Beginning of Year	<u>308,431</u>	<u>316,411</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 84,820</u>	<u>\$ 127,614</u>	<u>\$ 42,794</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget (GAAP Basis) and Actual
Governmental Funds + Special Revenue Funds
For the Year Ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Local sources			
Dwelling rental	\$ 887,036	\$ 913,764	\$ 26,728
Interest earnings	-	25,450	25,450
Other	31,500	36,473	4,973
Federal sources			
Grants	<u>913,862</u>	<u>878,732</u>	<u>(35,130)</u>
Total revenues	<u>1,832,400</u>	<u>1,854,363</u>	<u>21,963</u>
Expenditures			
Current			
Administration	129,232	146,345	17,113
Utilities	71,689	71,412	277
Ordinary maintenance & operations	345,344	357,495	12,151
General expenditures	86,453	82,362	4,091
Leasing assistance payments	886,368	852,854	33,514
Federal by appropriation and construction	<u>81,680</u>	<u>102,732</u>	<u>(21,052)</u>
Total expenditures	<u>1,603,766</u>	<u>1,513,210</u>	<u>90,556</u>
Excess (Deficiency) of Revenues Over Expenditures	198,634	341,153	142,519
Transfer - In	316,754	316,754	-
Total Balances at Beginning of Year	<u>223,642</u>	<u>272,047</u>	<u>(48,405)</u>
Total Balances at End of Year	<u>\$ 440,296</u>	<u>\$ 588,801</u>	<u>\$ 148,505</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

Housing Authorities are chartered as a public corporation under the laws (LSA-RS 40:391) of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This criterion was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority of the City of Bossier City is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Bossier City, serve a five year staggered term.

Under the United States Housing Act of 1957, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering long-term housing programs in the United States. Accordingly, HUD has entered into an annual construction contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and in under annual rent that goes (subsidies) to the Housing Authority for the purpose of maintaining this low-cost district.

The Housing Authority has 497 units in management on projects LA 43-179 and in fee contract administration for LA 480603.1 consisting of 178 units as shown below:

		Units
PHA Owned Housing	PW 1044	497
Section 8 - New Construction	PW 2171	178

The Housing Authority acquires PH-owned family complexes from HUD on September 30, 1995 with the condition that the property will be maintained as rental or cooperative housing for a period of twenty years and no housing for low to moderate income persons for a period of thirty years. The complex is not subsidized by HUD.

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Housing Authority of the City of Bossier City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

a. Reporting Entity

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is financially independent of other state or local governments. As noted in GASB Statement 14, financially independent means that the Housing Authority acts, without the approval or consent of another governmental entity, to determine or modify its own budget, or set rates or charges, and issue debt. The Housing Authority also has no component units, defined by GASB Statement 14 as other legally separate organizational units for which the Housing Authority Board members are financially accountable. There are no other primary governments with which the Housing Authority has a significant relationship.

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

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1999

1. Summary of Significant Accounting Policies (Continued)

b. Funds and Account Groups

The Housing Authority uses funds and account groups 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 its various governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not included in the funds because they do not directly affect net reportable financial resources.

Funds of the Housing Authority are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows:

Governmental Funds - Governmental funds account for all or most of the Housing Authority's general activities, including the collection and disbursement of specific or legally levied monies, the acquisition or maintenance of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. **General Fund** - the general operating fund of the Housing Authority accounts for all financial resources, except those required to be accounted for in other funds.
2. **Special Revenue Funds** - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Special revenue funds contain transactions of the Section 8 Housing Assistance Program and transactions of the Riverwood Apartment Complex.
3. **Debt Service Fund** - accounts for transactions relating to interest claimed and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
4. **Capital Projects Funds** - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Fiduciary Funds - Fiduciary funds account for assets held in behalf of outside parties, including other governments, or in behalf of other funds within the Housing Authority. Fiduciary funds include:

1. **Tenant's Security Deposit Agency Fund** - accounts for assets held by the Housing Authority as an agent for the individual tenants.

Agency funds are recorded in terms of assets equal liability and do not involve measurement of results of operations.

Account Groups

The *general fund assets account group* is used to account for fund assets not accounted for in proprietary or trust funds.

The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

3. Summary of Significant Accounting Policies (Continued)

i. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a modified financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating and noncurrent funds provide current and long-term to current results. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues - Federal reimbursements are recorded as unrestricted grants-in-aid when available and measurable. Federal reimbursable grants are recorded when the reimbursable expenditures have been incurred.

Interest income is recorded in the month earned.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest income on interest-bearing demand deposits is recorded each month when credited by the bank to the account.

Substantially all other revenues are recorded when they become available to the Housing Authority.

Expenditures - Salaries are recorded as expenditures when paid.

Portions of various operating supplies are recorded as expenditures in the accounting period they are purchased.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges and resulting current resources is recorded in the year of long-term obligations accrued. Principal and interest on general long-term debt are recognized when due.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses) - Transfers between funds that are not expenditures to equal for any other type, such as capital asset transactions, sale of fixed assets, debt extinguishment, long-term debt proceeds, or other are presented by as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

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

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

1. Summary of Significant Accounting Policies (Continued)

d. Budgets

The following summarizes the budget activities of the Housing Authority during the year ended June 30, 1998:

1. The Housing Authority adopted budgets for the General Fund, Special Purpose Funds and the Capital Projects Funds. The Capital Projects Funds' budget is actual comparison, but not been included since the capital projects are a multiple-year endeavor.
2. The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.
3. Encumbrances are not recognized within the accounting records for budgetary control purposes.
4. Formal budget integration (within the accounting records) is employed as a management control device.
5. The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.
6. State statute requires a budget amendment when actual revenues within a fund fail to meet budgeted revenues by five percent or more and/or actual expenditures within a fund exceed budgeted expenditures by five percent or more. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments which were not considered significant by management.

e. Contingencies

Contingency accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriations, is not employed. However, outstanding purchase orders are taken into consideration before commitments are incurred in order to ensure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

f. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fixed asset. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

g. Short-Term Involuntary Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for very large amounts. These receivables and payables are classified as due from/other funds or due to/other funds on the balance sheet. Short-term involuntary items are classified as involuntary receivables/payables.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

1. Summary of Significant Accounting Policies (Continued)

b. Inventory

All purchased inventory items are valued at cost (first-in, first-out). Purchased inventories are often by a fund balance reserve, which indicates that these do not constitute "available spendable resources," even though they are a component of total assets.

Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenditures are charged when the items are consumed.

c. Prepaid Items

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

d. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or in-lieu-of-costs such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Depreciation has not been provided on general fixed assets. Depreciated fixed assets are recorded at reduced fair market value on the date the gift is made. Fixed assets of the Riverwood Apartment Complex include donated land and buildings of \$3,550,000.

e. Compensated Absence

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to five hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by the last retirement or termination date.

The cost of unused leave privileges, computed in accordance with GASB Codification Section 200, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees are laid-off and paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

f. Long-Term Obligations

Long-term obligations reported in by financial statements of governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

g. Fund Equity

RESERVE - Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and For the Year Ended June 30, 1998

1. Summary of Significant Accounting Policies (Continued)

a. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses.

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as collections of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers. Reimbursements or non-revenue payments (transfers of equity) are reported as restricted equity transfers. All other interfund transfers are reported as operating transfers.

a. Total Columns on Combined Statements

The total columns on the combined statements are captioned Memorandum Only 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. Further, it is not data comparable to a consolidation. Interfund eliminations have not been made in the preparation of this data.

1. Deposits and Investments

Deposits and investments of the primary government are stated at cost which approximates market. Under state law, deposits for the remaining bank balances must be secured by federal deposit insurance, FDICIA, 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 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 collateral bank that is mutually acceptable to both parties.

At year-end, the Housing Authority's carrying amount of deposits was \$1,496,141 and the bank balance was \$1,475,795. Of the bank balance, \$600,000 was covered by federal depository insurance and a FDICIA insurance or by collateral held by the Housing Authority's Agent on the Housing Authority's name (GAASB Category 1). The remaining balance of \$875,795 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (GAASB Category 2).

Cash in the amount of \$69,733 is not listed for payment of interest security deposits.

	Total	FEDERAL	Securities
Wells	\$ 317,904	\$ 100,000	\$ 217,904
WFCU	658,588	100,000	558,588
Bank One	100,000	100,000	-
Deposit Guaranty	100,000	100,000	-
Regions	100,000	100,000	-
Citizens	200,243	100,000	100,243
	<u>\$ 1,426,735</u>	<u>\$ 600,000</u>	<u>\$ 826,735</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

3. Receivables

The composition of \$198,659 as June 30, 1998, are as follows:

Class of Receivables	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
Local sources:					
Taxes	\$ 703	\$ 11,934	\$ -	\$ -	\$ 12,637
Other	551	-	-	-	551
Federal sources:					
Due from HUD	-	-	308,982	67,287	376,269
Total	\$ 1,254	\$ 11,934	\$ 308,982	\$ 67,287	\$ 348,457

4. Fixed Assets

The changes in general fixed assets are as follows:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Land	\$ 2,441,983	\$ -	\$ 2,509	\$ 2,439,474
Buildings	16,631,866	747,279	-	17,379,145
Furniture and equipment	533,723	74,687	42,754	565,656
Construction in progress	338,031	743,796	332,988	748,839
Total	\$ 19,744,603	\$ 1,564,762	\$ 378,251	\$ 20,931,114

Fixed assets of \$18,848,712 are mortgaged to HUD pursuant to the Annual Certification Contract as collateral for obligations owed to the U. S. Government. The building cost includes \$5,472 of ineligible expenditures as determined by HUD. The remaining \$1,579,094 of fixed assets are assets of the Riverwood Apartment Complex and are not mortgaged to HUD.

5. Retirement System

The Housing Authority participates in The Housing-Riverwood and Local Agency Retirement Plan which is a defined contribution plan. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to six percent of his basic compensation. The employer makes a monthly contribution equal to 8.5 percent of each participant's basic compensation. The Housing Authority's contribution for each employee and amount allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest received by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

3. Retirement System (Continued)

The Housing Authority's total payroll for the fiscal year ended June 30, 1998 was \$312,158. The Housing Authority's contributions were calculated using the base salary amount of \$106,713. Both the Housing Authority and its covered employees made the required contributions for the year ended June 30, 1998. Employee contributions in the plan totaled \$19,000. The Housing Authority contributions totaled \$12,713 for the year ended June 30, 1998.

4. Accounts Payable

The payables of \$308,155 at June 30, 1998, are as follows:

	General Fund	Special Revenue Funds	Capital Projects Funds	Total
Vendors	\$ 44,950	\$ 13,761	\$ 53,084	\$ 111,795
Dues to Other Governments				
Payments in Lieu of Taxes	54,978	-	-	54,978
Other	2,502	-	-	2,502
Total	\$ 102,430	\$ 13,761	\$ 53,084	\$ 169,275

5. Compensated Absence

At June 30, 1998, employees of the Housing Authority have accumulated and vested \$71,764 of employees' leave benefits, which was recognized in accordance with GASBS Definition for Non-CFO. This amount is not expected to be paid from current available resources; therefore, the liability of \$17,546 is recorded within the general long-term obligations account group.

6. Changes in Agency Fund Deposits Due Others

	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Agency funds:				
Yonkers' Security Deposits	\$ 72,811	\$ 1,836	\$ 6,155	\$ 68,492

HOUSING AUTHORITY OF THE CITY OF ROSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

9. Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 1998:

	Composited Increases	Decreases and Retirements	Total
Balance, July 1, 1997	\$ 35,117	\$ 3,614,478	\$ 3,649,365
Additions	4,647	-	4,647
Retirements	-	392,860	392,860
Balance, June 30, 1998	\$ 39,764	\$ 3,221,618	\$ 3,261,382

The following notes and bonds outstanding at June 30, 1998, are fully guaranteed with contributions from 1999 to 2000 and interest rates from 4.5% to 6.0%. Total principal and interest payable in the next fiscal year are \$389,715 and \$76,176, respectively. The debt service fund accounts for bond and principal payments. Debt service repayments are funded by the fixed annual contributions from HUD. The individual transactions follow:

	Original Issue	Interest Rates	First Payment Due	Interest to Maturity	Principal Outstanding June 30, 1998
PROJECT NOTES-NON HUD LA					
LA 42-0					\$ 3,221,618
LA 42-0					861,797
LA 42-003					389,152
FEDERAL FINANCING BONDS					
LA 42-5	\$ 214,276	6.68%	1998	\$ 1,557	21,586
LA 42-4	\$ 215,549	6.68%	1998	1,264	95,183
LA 42-6	10,679,800	6.68%	2000	178,658	580,371
SINGLE ISSUE BONDS					
LA 42-5	\$ 815,800	4.50%	2008	392,860	498,881
Total				\$ 389,715	\$ 76,176

(4) Project Notes - Non HUD are obligations due HUD. The Debt Repayment Act of 1985 requires these notes. The timing of the official cancellation of the remaining notes is unknown. The Housing Authority has not accrued interest on Project Notes - Non HUD since HUD will eventually forgive the principal and interest amounts. Due to the uncertainty of the outcome of these notes, a schedule of maturities is not presented for the Project Notes - Non HUD.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

9. Changes in General Long-Term Obligations (Continued)

All principal and interest requirements are funded in accordance with Federal law by the annual certificate loan from the U. S. Department of Housing and Urban Development. At June 30, 1998, the Housing Authority has accumulated \$309 in the debt service fund for future debt requirements. The bonds are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
1999	\$ 108,155	\$ 29,378	\$ 137,533
2000	79,487	31,889	111,376
2001	72,732	49,865	122,597
2002	79,918	44,498	124,416
2003	80,479	40,517	120,996
2004 and thereafter	611,385	341,415	952,800
Total	\$ 1,094,056	\$ 397,562	\$ 1,491,618

10. Interfund Receivable/Liabilities

Interfund receivable/payable at June 30, 1998 are as follows:

	Due from	Due to
General Fund	\$ 2,866	\$ -
Special Revenue Funds	-	2,866
Total	\$ 2,866	\$ 2,866

11. Commitments and Contingencies

Litigation

At June 30, 1998 the Housing Authority was a defendant in a lawsuit which could possibly result in damages of less than \$5,000. No amount has been accrued for financial statement purposes.

Construction Projects

There are certain major construction projects in progress at June 30, 1998. These include remodeling, sound mats at practically all of the eight projects. As approved by HUD, these projects are being funded by HUD. Funds are expended periodically as the work is incurred.

Grant Disbursements

The Housing Authority participates in a number of state and federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act of 1984 through June 30, 1998, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disbursements, if any, which may arise from future audits will not be material.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Notes to the Financial Statements
As of and for the Year Ended June 30, 1998

18. Commitments and Contingencies (Continued)

Risks and Uncertainties

The Housing Authority is exposed to various risks of loss related to theft, theft of, damage to and destruction of assets; fires and explosions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

**SUPPLEMENTAL INFORMATION SCHEDULES -
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS**

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Supplemental Information Schedule
As of and for the Year Ended June 30, 1998

Special Revenue Funds

Charitable

Housing Income (Rental) Assistance, Section B - New Construction, CPAA #14 (M)

Provides housing assistance payments to participating owners in behalf of eligible tenants to provide decent, safe and suitable housing for very low-income families at rents they can afford. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent.

Reverend Apartments

This fund accounts for the activity of a 200-unit apartment complex acquired by the Housing Authority from HUD on September 27, 1983.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITYCompanion Balance Sheet - Special Revenue Funds
June 30, 1998

	<u>Clowdelle</u>	<u>Riverwood Apartments</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 134,476	\$ 804,986	\$ 939,462
Receivables	6,729	5,895	12,624
Total assets	<u>\$ 141,205</u>	<u>\$ 810,881</u>	<u>\$ 952,086</u>
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 3,866	\$ 15,741	\$ 19,607
Total liabilities	<u>3,866</u>	<u>15,741</u>	<u>19,607</u>
Fund Equity			
Fund balances:			
Unreserved and undesignated	137,339	795,140	932,479
Total equity	<u>137,339</u>	<u>795,140</u>	<u>932,479</u>
Total liabilities and fund equity	<u>\$ 141,205</u>	<u>\$ 810,881</u>	<u>\$ 952,086</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Special Revenue Funds
For the Year Ended June 30, 1999

	<u>Chargeable</u>	<u>Reverend Appointments</u>	<u>Total</u>
Revenues			
Local sources:			
Local interest:			
Deduction control	\$ -	\$ 913,764	\$ 913,764
Interest earnings	6,914	15,117	22,031
Other	-	36,415	36,415
Federal sources:			
Grants	<u>876,211</u>	<u>-</u>	<u>876,211</u>
Total revenues	<u>883,125</u>	<u>969,286</u>	<u>1,852,411</u>
Expenditures			
Current:			
Administration	11,226	116,315	127,541
Utilities	-	71,412	71,412
Ordinary maintenance & operations	-	257,493	257,493
General expenditures	1,578	80,784	82,362
Housing assistance programs	851,854	-	851,854
Facilities acquisition and construction	<u>-</u>	<u>856,312</u>	<u>856,312</u>
Total expenditures	<u>864,658</u>	<u>1,084,804</u>	<u>1,949,462</u>
Excess (Deficiency) of Revenues Over Expenditures	18,467	326,986	345,453
Transfer - General Fund	-	316,734	316,734
Fund Balances at Beginning of Year	<u>118,259</u>	<u>156,685</u>	<u>274,944</u>
Fund Balances at End of Year	<u>\$ 136,726</u>	<u>\$ 793,419</u>	<u>\$ 930,145</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

*Supplemental Information Schedule
As of and For the Year Ended June 30, 1998*

Capital Projects Funds

Project LA-41-701

(Comprehensive Grant Program, CTEA# 14-854)

Project LA-41-701 is a Federal (DRR) funded "Comprehensive Grant Program" for modernizing project LA-41-5.

Project LA-41-702

(Comprehensive Grant Program, CTEA #14-854)

Project LA-41-702 is a Federal (DRR) funded "Comprehensive Grant Program" for modernizing project LA-41-6.

Project LA-41-704

(Comprehensive Grant Program, CTEA #14-854)

Project LA-41-704 is a Federal (DRR) funded "Comprehensive Grant Program" for modernizing project LA-4-1006.

Project LA-41-705

(Comprehensive Grant Program, CTEA #14-854)

Project LA-41-705 is a Federal (DRR) funded "Comprehensive Grant Program" for modernizing project LA-41-1008.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Comparative Balance Sheet - Capital Project Funds
June 30, 1998

	Project LA 41-362	Project LA 41-753	Project LA 42-394	Project LA 42-787	Total
Assets					
Receivables	\$ -	\$ 21,480	\$ 26,875	\$ 18,614	\$ 67,267
Other assets	-	-	-	-	-
Total assets	\$ -	\$ 21,480	\$ 26,875	\$ 18,614	\$ 67,267
Liabilities and Fund Equity					
Liabilities					
Accounts payable	-	-	-	-	-
Unearned payable	-	28,771	21,803	-	50,574
Total liabilities	\$ -	\$ 28,771	\$ 21,803	\$ -	\$ 50,574
Fund Equity					
Fund balances:					
Unreserved - undesignated	-	118,871	3,249	18,614	140,815
Total equity	\$ -	\$ 118,871	\$ 3,249	\$ 18,614	\$ 140,815
Total liabilities and fund equity	\$ -	\$ 21,480	\$ 26,875	\$ 18,614	\$ 67,267

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Comparing Statement of Revenues, Expenditures,
and Changes in Fund Balances - Capital Projects Funds
For the Year Ended June 30, 1998

	Project J.A. 82-792	Project J.A. 82-793	Project J.A. 82-794	Project J.A. 82-795	Total
Revenues					
Federal Grants:					
Grants	\$ 61,917	\$ 611,972	\$ 76,483	\$ 31,294	\$ 781,756
Total revenues	<u>61,917</u>	<u>611,972</u>	<u>76,483</u>	<u>31,294</u>	<u>781,756</u>
Expenditures					
Facilities acquisition and construction	60,917	611,972	76,483	31,294	781,756
Total expenditures	<u>60,917</u>	<u>611,972</u>	<u>76,483</u>	<u>31,294</u>	<u>781,756</u>
Excess (Deficiency) of Revenues over Expenditures	0	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0	0
Fund Balances at End of Year	0	0	0	0	0

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Supplemental Information Schedule
Assets and Liabilities Total Budget Year: 03, 1998

Agency Funds

Tenneco Security Deposit Agency Fund

The activities of the various asset security deposit accounts are accounted for in the Tenneco Security Deposit Agency Fund. While the accounts are under the supervision of the Housing Authority, they belong to the tenants and are not available for use by the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Schedule of Changes in Assets and Liabilities - Agency Funds
June 30, 1998

	Balance, Beginning	Additions	Deductions	Balance, Ending
Tenant's Security Deposits				
Assets				
Cash and cash equivalents	\$ 72,912	\$ 2,835	\$ 6,135	\$ 69,730
Liabilities				
Deposits due others	\$ 72,912	\$ 2,835	\$ 6,135	\$ 69,730

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Schedule of Changes in Deposits Due Others Tenant Security Deposits For the Year Ended June 30, 1998

Project	Balance, Beginning	Additions	Deductions	Balance, Ending
LA 41-1	\$ 4,978	\$ -	\$ 75	\$ 4,903
LA 41-2	4,878	-	3,475	1,403
LA 41-3	4,278	189	-	4,467
LA 41-4	3,778	-	893	2,885
LA 41-5	3,888	278	-	4,166
LA 42-6	3,988	-	1,700	2,288
LA 42-8	8,038	189	-	8,227
LA 42-9	3,488	-	95	3,393
Riverwood Apartments	<u>34,271</u>	<u>2,466</u>	<u>-</u>	<u>36,737</u>
Total	\$ 71,271	\$ 2,655	\$ 6,163	\$ 67,763

HOUSING AUTHORITY OF THE CITY OF BOSSER CITY

Supplemental Information Schedule
As of and For the Year Ended June 30, 1998

General

Compensation Paid Board Members

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

Mr. David T. Nix, Chairman
Mr. Jeffrey A. Brown, Vice Chairman
Ms. Yvonne Gargano
Mr. Charles Moxie
Mrs. Peter Sims

Schedule of Expenditures of Federal Awards

In accordance with Office of Management and Budget (OMB) Circular A-115, a schedule of expenditures of Federal awards is presented.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1998

Federal Grant/ Pass Through Grant/Program Name	CEMA Number	Program or Award Amount
U.S. Department of HUD Direct Programs		
Public and Indian Housing -		
Fixed Asset Contributions (1)	04.820	\$ 108,100
Operating Subsidy	04.820	318,113
Total Programs*		426,213
Comprehensive Grant Program*	04.829	682,070
Lower Income Housing Assistance		
Section 8 - New Construction*	04.036	974,815
Total U.S. Dept. of Housing and Urban Development		\$ 1,008,198

- (1) The Housing Authority of the City of Bossier City is indebted to the Department of Housing & Urban Development for \$4,887,781 at June 30, 1998. Also, the Department of Housing & Urban Development has guaranteed through its Annual Contribution contract the Housing Authority of the City of Bossier City's bonded indebtedness. This bonded indebtedness was \$1,024,000 at June 30, 1998.

*Indicates Major Program.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1998**

Note A- Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is a summary of the cash activity of the Organization's Federal awards program and does not present transactions to be included in the financial statements of the Organization prepared on the accrual basis of accounting, as contemplated by generally accepted accounting principles.

Note B-Risk-Based Audit Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The organization does not qualify as a low-risk auditee.

**SUPPLEMENTAL INFORMATION SCHEDULES -
1110 PRESCRIBED FORMAT**

HOUSING AUTHORITY OF THE CITY OF INDIANAPOLIS

Analysis of Surplus
Statutory Basis
June 30, 1998

PHA Owned Housing (ACC 1660)

Unreserved Surplus

Balance, Beginning	\$ (5,947,154)
Net Loss	(456,322)
(Provision for) Reduction of:	
Operating reserve	_____ 78,826
Balance, Ending	_____ (7,229,550)

Operating reserve

Balance, Beginning	490,651
Provision for (Reduction of)	
Operating reserve	_____ (78,826)
Balance, Ending	_____ 411,825

Cumulative HUD Contribution

Balance, Beginning	12,865,517
Annual Contribution Earned	168,182
Operating subsidy	_____ 314,343
Balance, Ending	_____ 13,347,862

Cumulative HUD Grants

Balance, Beginning	6,372,085
HUD Modernization Grants	_____ 682,072
Balance, Ending	_____ 7,054,157
Total Surplus	<u>\$ 11,858,214</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Analysis of Receipts
 January Data
 June 30, 1998

Section B - New Construction

Unreserved Surplus

Balance, Beginning	3	(13,940,314)
Price multi adjustments		371,868
Net Loss		(858,708)
(Provision for) Reduction of		
Operating reserve		_____ 69,929
Balance, Ending		_____ 21,644,189

Operating Reserve

Balance, Beginning	118,412	
Provision for (Reduction of)		
Operating reserve		_____ 18,974
Balance, Ending		_____ 137,386

Project Account Unfunded

Balance, Beginning	1,869,694	
Price multi adjustments		(571,868)
Provision for (Reduction of)		
Project Account Unfunded		_____ -
Balance, Ending		_____ 1,297,826

Cumulative HUD Contribution

Balance, Beginning	12,382,175	
Annual Cost Below Entail		_____ 878,112
Balance, Ending		_____ 13,260,287
Total Surplus		<u>\$_____ 138,101</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Statement of Comprehensive Grant Cost Certificate June 30, 1998

Schedule 1

PIA OWNED HOUSING (ACT 958 1044)

1. The actual modernization costs for the completed modernization program is as follows:

	Grant LA-087501-702-94
Funds approved	\$ 751,986
Funds expended	<u>751,986</u>
Excess of funds approved	<u>\$ _____</u>
Funds advanced	\$ 751,986
Funds expended	<u>751,986</u>
Excess of funds advanced	<u>\$ _____</u>

2. The distribution of costs as shown on the actual comprehensive grant cost certificate dated October 14, 1997 for the above project is in agreement with the Housing Authority's records.

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

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Statement of Actual Comprehensive Grant Cost Certificate June 30, 1998

Schedule 1

PIA OWNED HOUSING (ACC FSE 1144)

1. The actual modernization costs for the completed modular units program is as follows:

	Grant LA-084752-701-03
Funds approved	\$ 650,586
Funds expended	<u>650,586</u>
Excess of funds approved	<u>\$ -</u>
Funds advanced	\$ 650,586
Funds expended	<u>650,586</u>
Excess of funds advanced	<u>\$ -</u>

2. The distribution of costs as shown on the actual comprehensive grant cost certificate dated July 31, 1998 for the above project is in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND OFFICE OF
MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133**

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Circular A-133, Auditing State, Local Governments, and Non-Profit Organizations.



**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 BOSSIER CITY
Bossier City, Louisiana

We have audited the financial statements of the Housing Authority of the City of Bossier City, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated August 26, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Bossier City, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 96-1 and 96-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Bossier City, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we considered to be a reportable condition. Reportable conditions involve matters relating to an operation relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, would adversely affect the Housing Authority's ability to record, process, summarize and report financial data consistent with the intentions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 96-2.

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 to the 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 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, we believe none of the reportable conditions disclosed above is a material weakness.

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

Smith, Pugh, Robinson & LLP
Certified Public Accountants

August 26, 1998



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Name of Transmittee:
**HOUSING AUTHORITY OF THE
CITY OF BOSSIER CITY**
Bossier City, Louisiana

Conclusion

We have audited the compliance of the Housing Authority of the City of Bossier City, Louisiana, 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 June 30, 1998. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we 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 Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with these requirements.

As described in items 98.1 and 98.2 in the accompanying schedule of findings and questioned costs, the Housing Authority did not comply with requirements regarding FIMD regulations that are applicable to its Public and Indian Housing Program. Compliance with such requirements is necessary, in our opinion, for the Housing Authority to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Housing 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 June 30, 1998.

Internal Control Over Compliance

The management of the Housing Authority of the City of Bossier City, Louisiana, 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 our audit, we considered the Housing 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We need a certain degree involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters causing, in our opinion, arising in significant determinants in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Housing Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs at item 19-2.

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 non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance 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, 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 the U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Smith Pappalardo
Certified Public Accountant

August 26, 1998

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Schedule of Prior Year Findings and Recommendations

As of and For the Year Ended June 30, 1998

1997-1

Transit Policy - Out of 68 files tested, the following were noted:

- Seven instances of no consent to release information form being filed or updated.
- Two instances of income not being verified.
- Two instances of lease not being updated to reflect current lease payment.
- One instance of no Social Security number for persons age six or older.

Reason for Improvement Needed - Files should be maintained in accordance with HUD regulations.

Recommendation - Transit files should be reviewed periodically to ensure compliance with HUD regulations.

Status - Unresolved, see Finding 198-1.

1997-2

Check Signing Policy - The Housing Authority's check signing policy requires two signatures on checks. Generally, the two people who sign checks are the Executive Director and the Senior Civil Service Employee. In addition, disbursements have not been receiving Board's approval.

Reason for Improvement Needed - Board approval of invoices provides a strong internal control over disbursements.

Recommendation - Distribute copy of monthly disbursement journals with monthly minutes package. Package should be submitted to board members in sufficient time for them to review before meeting.

Status - Resolved.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Schedule of Current Audit Findings and Questioned Costs As of and For the Year Ended June 30, 1998

We have audited the financial statements of the Housing Authority of the City of Bossier City as of and for the year ended June 30, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 1998, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses - No
Reportable Conditions - Yes

Compliance

Compliance Material to Financial Statements - No

- b. Federal Awards

Internal Control

Material Weaknesses - No
Reportable Conditions - Yes

Type of Opinion on Compliance for Major Programs - Qualified

Are Audit Findings required to be reported in accordance with Circular A-133, Section 5.04c - Yes

- c. Modification of Major Programs:

<u>FY98 Number</u>	<u>Name of Federal Program</u>
14,890	Low Income Housing
10,829	Comprehensive Grant Program
14,154	Section 8 - New Construction

Dollar threshold used to distinguish between Type A and Type B Programs was \$200,000

Is the audit a "non-risk" audit, as defined by OMB Circular A-133 - No

Section II. Financial Statement Findings

98-2 Inventory

148 Program

Condition - The Housing Authority maintains a card filing system for its inventory. However, in many instances the file cards did not agree with the current physical count.

HOUSING AUTHORITY OF THE CITY OF DOSSIER CITY

Schedule of Current Audit Findings and Questioned Costs As of and For the Year Ended June 30, 1998

Section II. Financial Statement Findings (Continued)

98-2 (Continued)

Reason for Improvement Needed - Maintaining an up-to-date card filing system will provide strong internal control for inventory acquisitions and distributions.

Cause of Condition - Employee maintaining system died.

Effect of Condition - Weak internal controls.

Recommendation - The card filing system should be updated and total inventory reconciled to the general ledger on at least a quarterly basis.

Management's Response - The card filing system will be updated and reconciled to the general ledger on a quarterly basis.

Section III. Federal Award Findings and Questioned Costs

98-1 Jobs at Transit File

(Public and Indian Housing Program, (CFDA #14.830)

Condition - Out of 40 files tested, the following was noted:

- Two instances of information release form not being signed.
- One instance of social security number for person over age 6 not being provided.

Reason for Improvement Needed - Files should be maintained in accordance with HUD regulations.

Cause of Condition - Unaware.

Recommendation - Transit files should be periodically reviewed to insure compliance with HUD regulations.

Management's Response - Management will continue to monitor files in an effort to improve compliance. We note a decreased number of non-compliance from 1997.

98-1 Comprehensive Grant Program (CGP)

(Comprehensive Grant Program, (CFDA #14.839)

Condition - Contract dispute over necessity to reevaluate.

Reason for Improvement needed - To comply with the state bid laws.

Cause of Condition - Misinterpretation of state bid laws.

Recommendation - Executive director should be more prudent in interpretation of the state bid laws.

Management's Response - Management will comply with state bid laws.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Corrective Action Plan As of and For the Year Ended June 30, 1999

The corrective action plan is as follows:

Finding #1.1

Contact person responsible for action - Mr. Billie L. Hunsley.

Anticipated completion date - March 31, 1999.

Corrective action planned - We will continue to monitor files in an effort to improve compliance. This will be accomplished through quarterly inspections of the files.

Finding #1.2

Contact person responsible for action - Mr. Billie L. Hunsley.

Anticipated completion date - March 31, 1999.

Corrective action planned - The card filing system will be updated through coordinating efforts with the maintenance supervisor. In addition, the card filing system will be reconciled to the general ledger on a quarterly basis.

Finding #1.3

Contact person responsible for action - Mr. Billie L. Hunsley.

Anticipated completion date - Completed by corrective action time 01/03.

Corrective action planned - All housing requisitions are currently approved by HUD prior to disbursement.