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FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA

PONCHATOULA, LOUISIANA

JUNE 30, 1998

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 **MAR 03 1999**

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

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With Supplemental Information Schedules*

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TRANSMITTAL LETTER

**GENERAL PURPOSE FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

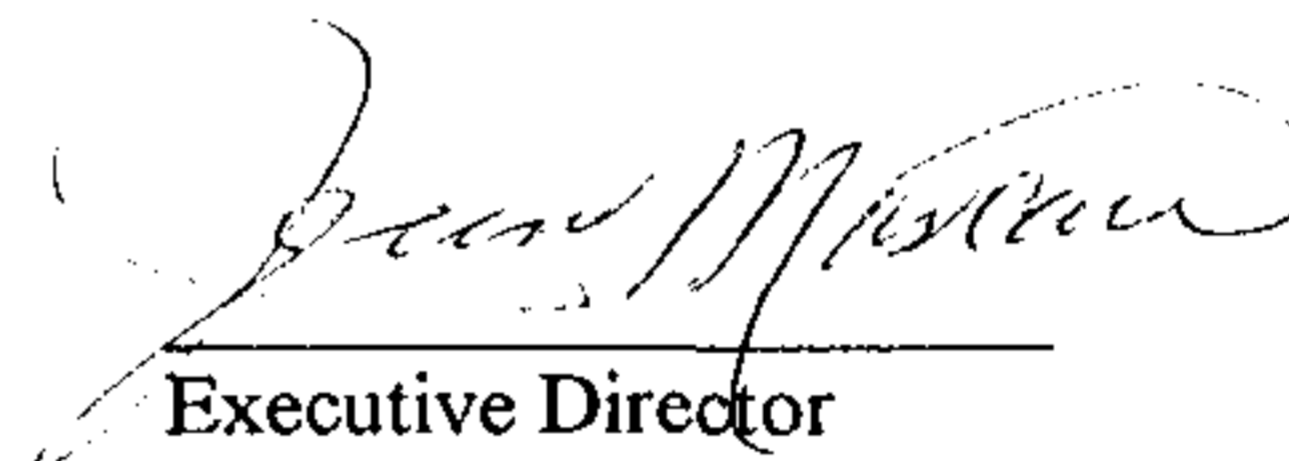
December 2, 1998

Office of Legislative Auditor
Attention: Ms. Dorothy Milner
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Ms. Milner:

In accordance with Louisiana Revised Statute 24:514, enclosed are the general purpose financial statements, with supplemental information schedules, for the Housing Authority of the City of Ponchatoula as of and for the year ended June 30, 1998. The report includes all funds under the control and authority of the housing authority. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely,


Executive Director

Enclosure

INFORMATION FURNISHED BY THE HOUSING AUTHORITY

**BREWSTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2900
PENSACOLA, FLORIDA 32513**

Board of Commissioners
Housing Authority of the
City of Ponchatoula
P. O. Box 783
Ponchatoula, Louisiana 7045

**UNQUALIFIED OPINION ON GENERAL-
PURPOSE FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULE OF EXPEND-
ITURES OF FEDERAL AWARDS - GOVERN-
MENTAL ENTITY**

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying general-purpose financial statements of the Housing Authority of the City of Ponchatoula, 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 Housing Authority of the City of Ponchatoula, Louisiana's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note I, the Housing Authority of the City of Ponchatoula, Louisiana, prepares its financial statements on the basis of accounting practices prescribed or permitted by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the general-purpose financial statements referred to above present fairly, in all

material respects, the financial position of the Housing Authority of the City of Ponchatoula, Louisiana, as of June 30, 1998, and the results of its operations and changes in surplus for the year then ended on the basis of accounting discussed in Note I.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 2, 1998, on my consideration of the Housing Authority of the City of Ponchatoula, Louisiana's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Housing Authority of the City of Ponchatoula, Louisiana, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANT
Pensacola, Florida
December 2, 1998

**BREWSTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2900
PENSACOLA, FLORIDA 32513**

Board of Commissioners
Housing Authority of the
City of Ponchatoula
P. O. Box 783
Ponchatoula, Louisiana 70454

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PER-
FORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

I have audited the financial statements of the Ponchatoula Housing Authority, as of and for the year ended June 30, 1998, and have issued my report thereon dated December 2, 1998. I conducted my 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 Ponchatoula Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, and the *PIH Compliance Supplement 96-32 and 97-30*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Ponchatoula Housing Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being

audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Tom E. Brewster". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANT
Pensacola, Florida
December 2, 1998

**BREWSTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2900
PENSACOLA, FLORIDA 32513**

Board of Commissioners
Housing Authority of the
City of Ponchatoula
OVER P. O. Box 783
Ponchatoula, Louisiana 70454

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

Compliance

I have audited the compliance of the Ponchatoula Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *PIH Compliance Supplement 96-32 and 97-30* that are applicable to each of its major federal programs for the year ended June 30, 1998. The Ponchatoula 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 Ponchatoula Housing Authority's management. My responsibility is to express an opinion on the Ponchatoula Housing Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards," the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States", and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a *direct and material effect on a major federal program occurred*. An audit includes examining on a test basis, evidence about the Ponchatoula Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Ponchatoula Housing Authority's compliance with those requirements.

In my opinion, the Ponchatoula 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 Ponchatoula Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Ponchatoula 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 my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information of the management, and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANT
Pensacola, Florida
December 2, 1998

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 1998

Section I - Summary of Auditor's Results

Financial Statement

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? Yes No

-

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

JUNE 30, 1998

Identification of major programs.

CFDA Number(s)

Name of Federal Program or Cluster

14.850

Conventional Public Housing Program

14.857

Section 8 Rental Certificate Program

14.852

Comprehensive Improvement Assistance Program

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000.00

Auditee qualified as low-risk auditee?

 Yes

 X No

Section II - Financial Statement Findings

The prior year audit for the year ended June 30, 1997 disclosed no financial statement findings or management letter comments.

The current audit, for the year ended June 30, 1998, disclosed no financial statement findings and/or noncompliance with HUD rules and regulations, contracts and equivalents.

Section III - Federal Award Findings and Questioned Costs

The current audit for the year ended June 30, 1998, disclosed no Federal Awards Findings, Questioned Costs, and/or noncompliance with HUD rules and regulations, contracts and equivalents.

INFORMATION FURNISHED BY THE AUDITOR

HOUSING AUTHORITY OF THE CITY OF PONCHATOU LA, LOUISIANA
 COMBINED BALANCE SHEET AND FUND TYPES AND ACCOUNT GROUPS
 AS OF JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| Assets and Other Debits | Governmental Fund Types | | | | Fiduciary Fund Types | | Account Groups | | | Totals [Memorandum Only] | |
|--|-------------------------|--------------------|--------------------|-----------------------|-----------------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------------|--|
| | General | Special Revenue | Debt Service | Capital Projects | Agency and Expendable Trust | General Fixed Assets | General Long-Term Debt | 1998 | 1997 | | |
| CURRENT ASSETS: | | | | | | | | | | | |
| Cash | \$79,905.05 | \$65,979.81 | | | \$13,968.00 | | | \$159,852.86 | \$100,137.63 | | |
| Tenant Accounts Receivable | 2,818.00 | | | | | | | 2,818.00 | 1,814.00 | | |
| Other Accounts Receivable | 1,726.65 | | | | | | | 1,726.65 | 1,726.65 | | |
| Total Current Assets | 84,449.70 | 65,979.81 | 0.00 | 0.00 | 13,968.00 | 0.00 | 0.00 | 164,397.51 | 103,678.28 | | |
| INVESTMENTS: | | | | | | | | | | | |
| General Fund | 114,677.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 114,677.23 | 66,121.41 | | |
| Total Investments | 114,677.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 114,677.23 | 66,121.41 | | |
| PREPAID EXPENSES: | | | | | | | | | | | |
| Prepaid Taxes | | | | | | | | | | | |
| Prepaid Insurance | 11,466.00 | 1,170.27 | | | | | | 12,636.27 | 12,821.90 | | |
| Prepaid Interest | | | | | | | | | | | |
| Total Prepaid Expenses | 11,466.00 | 1,170.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,636.27 | 12,821.90 | | |
| DEBT SERVICE FUNDS: | | | | | | | | | | | |
| Debt Service Fund | | | \$1,267.66 | | | | | 1,267.66 | 1,055.21 | | |
| HUD Annual Contributions Receivable | | | 73,106.32 | | | | | 73,106.32 | 73,106.82 | | |
| Deposits with HUD | | | 2,252.34 | | | | | 2,252.34 | 2,258.84 | | |
| Total Debt Service Funds | 0.00 | 0.00 | 76,626.32 | 0.00 | 0.00 | 0.00 | 0.00 | 76,626.32 | 76,420.87 | | |
| FIXED ASSETS: | | | | | | | | | | | |
| Land, Structures, & Equipment | | 4,567.96 | | | | | | 4,292,898.60 | 4,292,898.60 | | |
| CIAP | | | | | | \$4,288,330.64 | | 1,206,894.61 | 1,167,811.15 | | |
| Total Fixed Assets | 0.00 | 4,567.96 | 0.00 | \$1,206,894.61 | 0.00 | 4,288,330.64 | 0.00 | 5,499,793.21 | 5,460,709.75 | | |
| OTHER DEBITS: | | | | | | | | | | | |
| Amount to be Provided for Retirement of General Long Term Debt | | | | | | | | 500,772.62 | 543,379.93 | | |
| Total Other Debits | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 500,772.62 | 543,379.93 | | |
| TOTAL ASSETS AND OTHER DEBITS | \$210,592.93 | \$71,718.04 | \$76,626.32 | \$1,206,894.61 | \$13,968.00 | \$4,288,330.64 | \$500,772.62 | \$6,368,903.16 | \$6,263,132.14 | | |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
 COMBINED BALANCE SHEET AND FUND TYPES AND ACCOUNT GROUPS
 AS OF JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| Liabilities, Fund Equity, & Other Credits | Governmental Fund Types | | | | Fiduciary Fund Types | | Account Groups | | | Totals [Memorandum Only] | |
|---|-------------------------|------------------|--------------|------------------|-----------------------------|----------------------|------------------------|-------------------|-------------------|-----------------------------|--|
| | General | Special Revenue | Debt Service | Capital Projects | Agency and Expendable Trust | General Fixed Assets | General Long-Term Debt | 1998 | 1997 | | |
| ACCOUNTS PAYABLE: | | | | | | | | | | | |
| Tenant Security Deposits | | \$25,046.00 | | | \$13,968.00 | | | \$13,968.00 | \$10,773.00 | | |
| HUD | \$1,642.16 | 1,825.40 | | | | | | 25,046.00 | 2,806.00 | | |
| Other | 1,642.16 | 26,871.40 | 0.00 | 0.00 | 13,968.00 | 0.00 | 0.00 | 3,467.56 | 2,437.97 | | |
| Total Accounts Payable | | | | | | | | 42,481.56 | 16,016.97 | | |
| ACCRUED LIABILITIES: | | | | | | | | | | | |
| Payments in Lieu of Taxes | 14,263.00 | | | | | | | 14,263.00 | 10,560.72 | | |
| Total Accrued Liabilities | 14,263.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14,263.00 | 10,560.72 | | |
| DEFERRED CREDITS: | | | | | | | | | | | |
| Prepaid Contribution | 5,538.27 | | | | | | | | | | |
| Other Deferred Credits | 5,538.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| Total Deferred Credits | 5,538.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| FIXED LIABILITIES: | | | | | | | | | | | |
| Permanent Notes Payable - HUD | | | | | | | | \$344,978.60 | 363,508.66 | | |
| Notes Payable - FFB | | | | | | | | 660,000.00 | 660,000.00 | | |
| Bonds Issued | | | | | | | | (504,205.98) | (480,128.73) | | |
| Bonds Retired | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 500,772.62 | 543,379.93 | | |
| Total Fixed Liabilities | | | | | | | | 500,772.62 | 543,379.93 | | |
| TOTAL LIABILITIES | 21,443.43 | 26,871.40 | 0.00 | 0.00 | 13,968.00 | 0.00 | 0.00 | 557,517.18 | 589,957.62 | | |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
 COMBINED BALANCE SHEET AND FUND TYPES AND ACCOUNT GROUPS
 AS OF JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| Liabilities, Fund Equity, & Other Credits | Governmental Fund Types | | | | Fiduciary Fund Types | | Account Groups | | Totals [Memorandum Only] | |
|--|-------------------------|--------------------|--------------------|-----------------------|-----------------------------|-----------------------|------------------------|-----------------------|-----------------------------|--|
| | General | Special Revenue | Debt Service | Capital Projects | Agency and Expendable Trust | General Fixed Assets | General Long-Term Debt | 1998 | 1997 | |
| | | | | | | | | | | |
| FUND EQUITY: | | | | | | | | | | |
| Operating Reserve | 182,191.85 | 40,278.18 | | | | | | 222,470.03 | \$161,796.30 | |
| Investments in Fixed Assets | | 4,567.96 | | \$1,206,894.61 | | \$4,288,330.64 | | 5,499,793.21 | 5,460,709.75 | |
| Reserve for Debt Service | | | \$76,633.32 | | | | | 76,633.32 | 76,420.87 | |
| Cumulative Grants - CIAP | 6,957.65 | | | | | | | 0.00 | (12,710.19) | |
| Cumulative Donations | | | | | | | | 6,957.65 | 6,957.65 | |
| PHDEP - Grant | | | | | | | | | | |
| Total Fund Equity | <u>189,149.50</u> | <u>44,846.14</u> | <u>76,633.32</u> | <u>1,206,894.61</u> | <u>0.00</u> | <u>4,288,330.64</u> | <u>0.00</u> | <u>5,805,854.21</u> | <u>5,693,174.38</u> | |
| OTHER CREDITS: | | | | | | | | | | |
| Other Credits | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Total Other Credits | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | |
| TOTAL FUND EQUITY & OTHER CREDITS | <u>189,149.50</u> | <u>44,846.14</u> | <u>76,633.32</u> | <u>1,206,894.61</u> | <u>0.00</u> | <u>4,288,330.64</u> | <u>0.00</u> | <u>5,805,854.21</u> | <u>5,693,174.38</u> | |
| TOTAL LIABILITIES, FUND EQUITY, & OTHER CREDITS | <u>\$210,592.93</u> | <u>\$71,717.54</u> | <u>\$76,633.32</u> | <u>\$1,206,894.61</u> | <u>\$13,968.00</u> | <u>\$4,288,330.64</u> | <u>\$500,772.62</u> | <u>\$6,363,371.39</u> | <u>\$6,263,132.00</u> | |

See Notes to Financial Statement

HOUSING AUTHORITY OF THE CITY OF PONCHATOU LA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 YEAR ENDED JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| Revenue | Governmental Fund Types | | | | Fiduciary Fund Types | Totals | |
|--------------------------------|-------------------------|-------------------|------------------|------------------|----------------------|------------------|-------------------|
| | General | Special Revenue | Debt Service | Capital Projects | | Expendable Trust | (Memorandum Only) |
| | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 | 1998 |
| RENTAL INCOME: | | | | | | | |
| Dwelling Rent | \$177,818.40 | | | | | | \$177,818.40 |
| Excess Utilities | | | | | | | |
| Total Rental Income | <u>177,818.40</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>177,818.40</u> |
| NON-RENTAL INCOME: | | | | | | | |
| Interest on General Funds | 6,808.98 | | | | | | 6,808.98 |
| Other | 4,073.00 | | | | | | 4,073.00 |
| Total Non-rental Income | <u>10,881.98</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>10,881.98</u> |
| OTHER INCOME: | | | | | | | |
| Federal Sources | | | | | | | |
| Grants - CIAP | | | | \$51,266.40 | | | 51,266.40 |
| Grants - PHDEP | | | \$73,106.82 | | | | 73,106.82 |
| Annual Contributions | | \$158,505.44 | | | | | 158,505.44 |
| Sec 8 Payments | | | | | | | |
| Operating Subsidies | | | | | | | |
| Total Other Sources | <u>0.00</u> | <u>158,505.44</u> | <u>73,106.82</u> | <u>51,266.40</u> | <u>0.00</u> | <u>0.00</u> | <u>282,878.66</u> |
| TOTAL REVENUE | <u>188,700.38</u> | <u>158,505.44</u> | <u>73,106.82</u> | <u>51,266.40</u> | <u>0.00</u> | <u>0.00</u> | <u>471,579.04</u> |
| | | | | | | | <u>688,657.04</u> |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 YEAR ENDED JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| Expenditures | Governmental Fund Types | | | | | Fiduciary Fund Types | Totals | |
|-------------------------------------|-------------------------|-----------------|--------------|------------------|------------------|----------------------|------------------|------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust | | 1998 | 1997 |
| ADMINISTRATION: | | | | | | | | |
| Administrative Salaries | 52,786.84 | | | | | | 52,786.84 | \$51,690.00 |
| Travel | 9,438.73 | | | | | | 9,438.73 | 5,729.05 |
| Accounting and Audit | 3,284.50 | | | | | | 3,284.50 | 3,718.18 |
| Sundry | 7,556.35 | | | | | | 7,556.35 | 8,571.93 |
| <i>Total Administrative</i> | <u>73,066.42</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>73,066.42</u> | <u>69,709.16</u> |
| TENANT SERVICES: | | | | | | | | |
| Salaries - Tenant Services | 121.00 | | | | | | 121.00 | |
| Recreation, Publications, etc. | | | | | | | | |
| Travel - Tenant Service Coordinator | | | | | | | | |
| <i>Total Tenant Services</i> | <u>121.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>121.00</u> | <u>0.00</u> |
| UTILITIES: | | | | | | | | |
| Water | 7,827.18 | | | | | | 7,827.18 | 6864 |
| Electricity | 3,148.55 | | | | | | 3,148.55 | 4135.53 |
| Gas | 963.64 | | | | | | 963.64 | 1217.43 |
| Labor | 0.00 | | | | | | | |
| Other Utilities Expense | 23,249.01 | | | | | | 23,249.01 | 23100 |
| <i>Total Utilities</i> | <u>35,188.38</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>35,188.38</u> | <u>35,316.96</u> |
| ORDINARY MAINTENANCE: | | | | | | | | |
| Labor | 36,192.34 | | | | | | 36,192.34 | 32797.68 |
| Materials | 12,209.83 | | | | | | 12,209.83 | 11168.1 |
| Contract Costs | 30,106.97 | | | | | | 30,106.97 | 22630.8 |
| <i>Total Ordinary Maintenance</i> | <u>78,509.14</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>78,509.14</u> | <u>66,596.58</u> |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 YEAR ENDED JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| Expenditures (cont.) | Governmental Fund Types | | | | Fiduciary Fund Types | Totals | |
|---------------------------------|-------------------------|-------------------|------------------|------------------|----------------------|------------------|-------------------|
| | General | Special Revenue | Debt Service | Capital Projects | | Expendable Trust | [Memorandum Only] |
| | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 | 1997 |
| GENERAL: | | | | | | | |
| Insurance | 26,626.12 | | | | | | \$22,815.52 |
| Payment in Lieu of Taxes | 14,263.00 | | | | | | 31,149.91 |
| Terminal Leave Payments | | | | | 0.00 | | |
| Employee Benefit Contributions | 22,434.39 | | | | | | 20,589.19 |
| Collection Losses | 9,912.00 | | | | | | 5,228.25 |
| Other General Expenses | 73,235.51 | 0.00 | 0.00 | 0.00 | 0.00 | 9,912.00 | 9,247.00 |
| Total General | 146,531.02 | 0.00 | 0.00 | 0.00 | 0.00 | 19,171.00 | 68,929.87 |
| NON-ROUTINE ITEMS: | | | | | | | |
| Non-routine Maintenance | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Non-routine Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| OTHER EXPENDITURES: | | | | | | | |
| Debt Service | | | | | | | |
| Principal | | | 42,607.31 | | | | 56,332.39 |
| Interest | | | 30,499.51 | | | | 16,774.43 |
| Sec 8 Payments | | 152,809.36 | | | | | 164,231.75 |
| Total Other Expenditures | 0.00 | 152,809.36 | 73,106.82 | 0.00 | 0.00 | 0.00 | 237,338.57 |
| SUBTOTAL EXPENDITURES | 146,531.02 | 152,809.36 | 73,106.82 | 0.00 | 0.00 | 19,171.00 | 497,991.14 |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 YEAR ENDED JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| | Governmental Fund Types | | | | Fiduciary Fund Types | Totals | |
|---|-------------------------|-------------------|------------------|--------------------|----------------------|--------------------|---------------------|
| | Other Credits / Charges | General | Special Revenue | Debt Service | | Capital Projects | Expendable Trust |
| | | | | | | | 1997 |
| SURPLUS CREDITS / CHARGES: | | | | | | | |
| Prior Year Adjustments | 0.00 | | (120.34) | | | | (25.00) |
| Total Surplus Credits / Charges | 0.00 | | (120.34) | 0.00 | 0.00 | 0.00 | (25.00) |
| CAPITAL OUTLAY: | | | | | | | |
| Modernization | | | | | 39,083.46 | | 308,330.71 |
| Replacement of Non-expendable Equipment | 0.00 | | | | | 0.00 | |
| Property Betterment and Additions | 0.00 | | | | | 0.00 | |
| Total Capital Outlay | 0.00 | | 0.00 | 0.00 | 39,083.46 | 0.00 | 308,330.71 |
| TOTAL EXPENDITURES | 260,120.45 | 152,689.02 | 73,106.82 | 39,083.46 | 0.00 | 524,999.75 | 806,296.85 |
| Excess of Revenues Over (Under) Expenditures - | (71,420.07) | 5,696.08 | 0.00 | 12,182.94 | 0.00 | (53,420.71) | (117,639.81) |
| OTHER FINANCING SOURCES: | | | | | | | |
| Rental Assistance Subsidy | 129,313.00 | | | | | | 130,979.00 |
| Total Other Financing Sources | 129,313.00 | 0.00 | 0.00 | 0.00 | 0.00 | 129,313.00 | 130,979.00 |
| Excess of Revenues & Other Sources Over (Under) Expenditures | \$57,892.93 | \$5,696.08 | \$0.00 | \$12,182.94 | \$0.00 | \$75,892.29 | \$13,339.19 |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
 BUDGET (GAAP Basis) & ACTUAL - GENERAL & SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| Revenue | General Fund | | | | | Special Revenue Fund | | | | | | | |
|-------------------------------------|--------------|-------------------------|--------------------------------|----------------------------|---|---------------------------------|--------------|-------------------------|--------------------------------|----------------------------|---|------------------------------------|---------------------------------|
| | Budget | Actual GAAP Basis | Adjustments Budget Basis | Actual- Budget Basis | Variance- Favorable [Unfavorable] | 1997 Actual GAAP Basis | Budget | Actual GAAP Basis | Adjustments Budget Basis | Actual- Budget Basis | Variance- Favorable [Unfavorable] | 1998 Actual- Budget Basis | 1997 Actual GAAP Basis |
| RENTAL INCOME: | | | | | | | | | | | | | |
| Dwelling Rent | \$140,680.00 | \$177,818.40 | | \$177,818.40 | \$37,138.40 | 140,924.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Excess Utilities | 140,680.00 | 177,818.40 | 0.00 | 177,818.40 | 37,138.40 | 140,924.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Rental Income | | | | | | | | | | | | | |
| NON-RENTAL INCOME: | | | | | | | | | | | | | |
| Interest on General Funds | 4,500.00 | 6,808.98 | | 6,808.98 | 2,308.98 | 2,902.87 | | | | | | | |
| Other | 4,900.00 | 4,073.00 | | 4,073.00 | (827.00) | 4,197.50 | | | | | | | |
| Total Non-rental Income | 9,400.00 | 10,881.98 | 0.00 | 10,881.98 | 1,481.98 | 7,100.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| OTHER INCOME: | | | | | | | | | | | | | |
| Intergovernmental - Sec. 8 Payments | 0.00 | 0.00 | 0.00 | 0.00 | | | \$181,760.00 | | \$158,505.44 | | \$158,505.44 | \$158,505.44 | (1,186.61) |
| Total Other Income | | | | | | | \$181,760.00 | | \$158,505.44 | | \$158,505.44 | \$158,505.44 | (1,186.61) |
| TOTAL REVENUE | \$150,080.00 | \$188,700.38 | \$0.00 | \$188,700.38 | \$38,620.38 | \$148,024.52 | \$181,760.00 | \$0.00 | \$158,505.44 | \$0.00 | \$158,505.44 | \$158,505.44 | (\$1,186.61) |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
 BUDGET (GAAP Basis) & ACTUAL - GENERAL & SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| Expenditures | General Fund | | | | Special Revenue Fund | | | | | | |
|-------------------------------------|------------------|-------------------------|--------------------------------|----------------------------|---|---------------------------------|------------------------------------|--------------------------------|------------------------------------|---------------------------------|---|
| | Budget | Actual GAAP Basis | Adjustments Budget Basis | Actual- Budget Basis | Variance- Favorable [Unfavorable] | 1997 Actual GAAP Basis | 1998 Actual- Budget Basis | Adjustments Budget Basis | 1998 Actual- Budget Basis | 1997 Actual GAAP Basis | Variance- Favorable [Unfavorable] |
| ADMINISTRATION: | | | | | | | | | | | |
| Administrative Salaries | \$57,820.00 | \$52,786.84 | | \$52,786.84 | 5033.16 | 51,690.00 | | | | | |
| Legal Fees | 0.00 | 0.00 | | 0.00 | 0.00 | 721.00 | | | | | |
| Travel | 14,820.00 | 9,438.73 | | 9,438.73 | 5,381.27 | 5,729.05 | | | | | |
| Accounting and Audit | 4,590.00 | 3,284.50 | | 3,284.50 | 1,305.50 | 3,719.19 | | | | | |
| Sundry | 8,650.00 | 7,556.35 | | 7,556.35 | 1,093.65 | 7,850.93 | | | | | |
| Total Administrative | 85,880.00 | 73,066.42 | 0.00 | 73,066.42 | 12,813.58 | 69,709.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TENANT SERVICES: | | | | | | | | | | | |
| Salaries - Tenant Services | 0.00 | 0.00 | | 0.00 | 0.00 | | | | | | |
| Recreation, Publications, etc. | 2,000.00 | 121.00 | | 121.00 | 1,879.00 | | | | | | |
| Travel - Tenant Service Coordinator | | | | | | | | | | | |
| Total Tenant Services | 2,000.00 | 121.00 | 0.00 | 121.00 | 1,879.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| UTILITIES: | | | | | | | | | | | |
| Water | 6,860.00 | 7,827.18 | | 7,827.18 | (967.18) | 6,864.00 | | | | | |
| Electricity | 3,610.00 | 3,148.55 | | 3,148.55 | 461.45 | 4,135.53 | | | | | |
| Gas | 980.00 | 963.64 | | 963.64 | 16.36 | 1,217.43 | | | | | |
| Labor | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | | | | | |
| Other Utilities Expense | 23,100.00 | 23,249.01 | | 23,249.01 | (149.01) | 23,100.00 | | | | | |
| Total Utilities | 34,550.00 | 35,188.38 | 0.00 | 35,188.38 | (638.38) | 35,316.96 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ORDINARY MAINTENANCE: | | | | | | | | | | | |
| Labor | 43,800.00 | 36,192.34 | | 36,192.34 | 7,607.66 | 32,797.68 | | | | | |
| Materials | 12,500.00 | 12,209.83 | | 12,209.83 | 290.17 | 11,168.10 | | | | | |
| Contract Costs | 23,350.00 | 30,106.97 | | 30,106.97 | (6,756.97) | 22,630.80 | | | | | |
| Total Ordinary Maintenance | 79,650.00 | 78,509.14 | 0.00 | 78,509.14 | 1,140.86 | 66,596.58 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
 BUDGET (GAAP Basis) & ACTUAL - GENERAL & SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| Expenditures (cont.) | General Fund | | | | Special Revenue Fund | | | | 1997 Actual GAAP Basis | Variance- Favorable [Unfavorable] | 1998 Actual- Budget Basis | 1997 Actual GAAP Basis | Variance- Favorable [Unfavorable] | 1998 Actual- Budget Basis | 1997 Actual GAAP Basis |
|--------------------------------|---------------------|-------------------------|--------------------------------|----------------------------|----------------------|-------------------------|--------------------------------|----------------------------|---------------------------------|---|------------------------------------|---------------------------------|---|------------------------------------|---------------------------------|
| | Budget | Actual GAAP Basis | Adjustments Budget Basis | Actual- Budget Basis | Budget | Actual GAAP Basis | Adjustments Budget Basis | Actual- Budget Basis | | | | | | | |
| GENERAL: | | | | | | | | | | | | | | | |
| Insurance | \$27,250.00 | \$26,626.12 | | \$26,626.12 | \$26,626.12 | | \$22,815.52 | | \$623.88 | | \$22,815.52 | | \$623.88 | | \$22,815.52 |
| Payment in Lieu of Taxes | 10,610.00 | 14,263.00 | | 14,263.00 | 14,263.00 | | 10,560.72 | | (3,653.00) | | 10,560.72 | | (3,653.00) | | 10,560.72 |
| Terminal Leave Payments | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 |
| Employee Benefit Contributions | 25,650.00 | 22,434.39 | | 22,434.39 | 22,434.39 | | 20,589.19 | | 3,215.61 | | 20,589.19 | | 3,215.61 | | 20,589.19 |
| Collection Losses | 0.00 | 0.00 | | 0.00 | 0.00 | | 5228.25 | | 0.00 | | 5228.25 | | 0.00 | | 5228.25 |
| Other General Expenses | 10,000.00 | 9,912.00 | | 9,912.00 | 9,912.00 | | 9247 | | 88.00 | | 9247 | | 88.00 | | 9247 |
| Total General | 73,510.00 | 73,235.51 | 0.00 | 73,235.51 | 73,235.51 | 0.00 | 68,440.68 | 0.00 | 274.49 | 0.00 | 68,440.68 | 0.00 | 274.49 | 0.00 | 68,440.68 |
| NON-ROUTINE ITEMS: | | | | | | | | | | | | | | | |
| Non-routine Maintenance | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 |
| Total Non-routine Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SUBTOTAL EXPENDITURES | \$275,590.00 | \$260,120.45 | 0.00 | \$260,120.45 | \$260,120.45 | 0.00 | \$240,063.38 | 0.00 | \$15,469.55 | 0.00 | \$240,063.38 | 0.00 | \$15,469.55 | 0.00 | \$240,063.38 |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
 BUDGET (GAAP Basis) & ACTUAL - GENERAL & SPECIAL REVENUE FUNDS
 YEAR ENDED JUN 30, 1998 WITH COMPARATIVE TOTALS FOR 1997

| | General Fund | | | | Special Revenue Fund | | | | 1997 Actual GAAP Basis | 1998 Actual- Budget Basis | Variance- Favorable [Unfavorable] | 1997 Actual GAAP Basis |
|---|---------------------|-------------------------|--------------------------------|-------------------------|----------------------|-------------------------|--------------------------------|----------------------------|---------------------------------|------------------------------------|---|---------------------------------|
| | Budget | Actual GAAP Basis | Adjustments Budget Basis | Actual GAAP Basis | Budget | Actual GAAP Basis | Adjustments Budget Basis | Actual- Budget Basis | | | | |
| Other Credits / Charges | | | | | | | | | | | | |
| SURPLUS CREDITS / CHARGES: | | | | | | | | | | | | |
| Prior Year Adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Surplus Credits / Charges | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CAPITAL OUTLAY: | | | | | | | | | | | | |
| Replacement of Non-expendable Equipment | 4,000.00 | 0.00 | 4,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Property Betterments & Additions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Capital Outlay | 4,000.00 | 0.00 | 4,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| OTHER EXPENDITURES: | | | | | | | | | | | | |
| Sec. 8 | | | | | | | | | | | | |
| HAP | | | | | | | | | | | | |
| Admin Fees | | | | | | | | | | | | |
| Hard to House Fees | | | | | | | | | | | | |
| Audit Costs | | | | | | | | | | | | |
| Other Project Proceeds | | | | | | | | | | | | |
| Total Other Expenditures | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL EXPENDITURES | 279,590.00 | 260,120.45 | 0.00 | 19,469.55 | 260,120.45 | 240,063.78 | 0.00 | 152,809.36 | 181,760.00 | 0.00 | 28,950.64 | 8,687.25 |
| Excess of Revenues Over (Under) Expenditures | (129,510.00) | (71,420.07) | (71,420.07) | 58,089.93 | (71,420.07) | (90,038.86) | 0.00 | 5,696.08 | 152,809.36 | 0.00 | (52,205.20) | (9,873.86) |
| OTHER FINANCING SOURCES: | | | | | | | | | | | | |
| Rental Assistance Subsidy | 129,313.00 | 129,313.00 | 0.00 | 0.00 | 129,313.00 | 130,979.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Other Financing Sources | 129,313.00 | 129,313.00 | 0.00 | 0.00 | 129,313.00 | 130,979.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Excess of Revenues and Other Sources Over (Under) Expenditures | (\$197.00) | \$57,892.93 | \$0.00 | \$58,089.93 | \$57,892.93 | \$40,940.14 | \$0.00 | \$5,696.08 | \$0.00 | \$0.00 | (\$52,205.20) | (\$9,873.86) |

See Notes to Financial Statement

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

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

INTRODUCTION

The Housing Authority of the City of Ponchatoula (Authority) was created pursuant to the U.S. Housing Act of 1937 to engage in the acquisition, development, and administration of a low income housing program to provide safe, sanitary, and affordable housing to the citizens of Ponchatoula, Louisiana. The Housing Authority must comply with Louisiana State reporting laws (LSA - R.S. 24:513 and 24:514) which requires financial statements to be prepared in accordance with generally accepted accounting principles (GAAP).

The authority is administered by a five member board appointed by the Mayor. Members of the board serve staggered-year terms.

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

The authority participates in Section 8 housing assistance payment programs. The Section 8 program provides assistance to low-income persons seeking housing by subsidizing rents between tenants and owners of existing private housing.

At June 30, 1998, the authority manages 109 public housing units and provides assistance to 62 Section 8 housing units. The authority has CIAP Modernization in progress (disclosed in the Capital Project Fund).

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the authority 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.

B. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the authority is legally separate and fiscally independent, the authority is a separate governmental reporting entity.

The authority is a related organization of the City of Ponchatoula, Louisiana since the Mayor appoints a voting majority of the authority's governing board. The City of Ponchatoula is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to, or impose financial burdens on, the City of Ponchatoula. Accordingly, the authority is not a component unit of the financial reporting entity of the City of Ponchatoula.

The authority includes all funds, account groups, activities, et cetera, that are within the oversight responsibility of the authority.

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

C. FUND ACCOUNTING

The 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 certain government functions or activities.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statements (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is an financial reporting device designed to provide accountability for certain assets and liabilities that not recorded in the funds because they no not directly affect net expendable financial resources.

Funds of the authority are classified into three categories: governmental, proprietary and fiduciary, as applicable. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund types follow:

Governmental Funds

Governmental funds account for all or most of the authority's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund - the general operating fund of the authority accounts for all financial resources, except those required to be accounted for in other funds. The General Fund includes transactions of the low rent housing assistance programs.
2. Special revenue funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds contain transactions of the various Section 8 Housing Assistance Programs administered by the authority.
3. Debt service funds - account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group. Debt service funds contain current year payments of principal and interest on project notes, federal financing bonds, and bonds payable (if applicable).
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. Capital projects funds contain transactions relating to active modernization and development programs.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statements (Continued)

Fiduciary Funds

Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the authority.

The Tenants Security Deposits Agency Fund consists of various tenant security deposit accounts.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. 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 current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. 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

Operating subsidies and the annual contributions received from HUD are recorded when available and measurable. Federal restricted grants are recorded when reimbursable expenditures have been incurred.

Rental 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 PHA.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statements (Continued)

Expenditures

Salaries are recorded as expenditures when paid. Purchases 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 not requiring current resources is recorded in the general long term obligations account group.

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 expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishment, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

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

E. BUDGETS

The authority uses the following budget practices:

1. The authority adopted budgets for the General Fund and the Capital Projects Funds. The Capital Projects Funds budget comparison to actual has not been included since the capital project (Modernization/CIAP) is a multiple year endeavor not requiring an annual expenditure budget.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statements (Continued)

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 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. However, when actual revenues within a fund fail to meet budgeted revenues by 5% or more, a budget amendment is adopted by the authority in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.*

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

G. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statements (Continued)

I. INVENTORIES

All purchased inventory items are valued at cost. Acquisition of materials and supplies are accounted for on the purchase method, that is, the expenditure is charged when the items are purchased. Housing Authorities of less than 500 units do not record the inventory in the general ledger.

J. 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. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

K. COMPENSATED ABSENCES

The authority has the following policy relating to vacation and sick leave:

The authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the governmental funds 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 not requiring current resources is recorded in the General Long Term Obligations Account Group. Leave benefits are based on accrued leave benefits or employees with ten (10) years service to a maximum of 25 days at their current annual salary.

L. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from 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.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
 Notes to Financial Statements (Continued)

M. FUND EQUITY
Reserves

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

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. 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. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND CASH EQUIVALENTS

At June 30, 1998, the authority has cash and cash equivalents (book balances) totaling \$274,529.59 as follows:

| | |
|----------------------------------|-----------------------------|
| Demand deposits | \$ 0.00 |
| Interest-bearing demand deposits | 114,672.23 |
| Money market accounts | 0.00 |
| Time deposits | <u>159,852.36</u> |
| Total | <u>\$ 275,529.59</u> |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1998, the authority has \$274,529.59 in deposits (collected bank balances). These deposits are secured from risk by \$100,000.00 of federal deposit insurance and \$184,369.00 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

3. RECEIVABLES

The receivables of \$3,540.65 at June 30, 1998, are as follows:

| | |
|-----------------------------|--------------------|
| General Fund Local Sources: | |
| Tenants | \$ 1,726.65 |
| Other | <u>0.00</u> |
| Total | <u>\$ 4,544.65</u> |

4. FIXED ASSETS

The changes in general fixed assets and capital projects assets are as follows:

| | |
|---------------------------------|------------------------|
| Land, Structures, and Equipment | |
| Balance June 30, 1997 | \$ 5,456,141.79 |
| Additions - LS&E | 4,567.96 |
| Additions - CIAP | 39,083.46 |
| Deletions | <u>0.00</u> |
| Balance June 30, 1998 | <u>\$ 5,499,793.21</u> |

Fixed assets are mortgaged to HUD pursuant to the Annual Contributions Contract as collateral for obligations owed to the U.S. Government.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statements (Continued)

5. RETIREMENT SYSTEMS

The authority provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six months exclusionary period. The employee contributes up to ten percent and the entity contributes eight percent 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 twenty percent annually for each year of participation. An employee is fully vested after five years of participation.

The entity's total payroll in fiscal year ended June 30, 1998 was \$96,971.18. The entity's contributions were calculated using the employee's monthly base salary. Contributions to the plan were \$9,697.00 and \$7,758.00 by the employee and the entity, respectively.

6. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables and accrued liabilities of \$26,577.69 at June 30, 1998, are as follows:

| | General <u>Fund</u> | Special Revenue <u>Funds</u> |
|--------------------------|------------------------|---------------------------------|
| Withholdings | \$ 1,642.16 | \$ |
| Payment in Lieu of Taxes | 14,263.00 | |
| HUD | | 25,046.00 |
| Tenant Security Deposits | <u>13,968.00</u> | <u>1,825.40</u> |
| Total | <u>\$ 29,873.16</u> | <u>\$ 26,873.40</u> |

7. COMPENSATED ABSENCES

At June 30, 1998, employees of the authority have accumulated and vested \$10,000.00 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is not expected to be paid from current available resources; therefore the liability is recorded within general long-term obligations account group.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statements (Continued)

8. CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due other follows:

| | |
|---|---------------------|
| Agency Funds: Tenants Security Deposits | |
| Balance, June 30, 1997 | \$ 10,773.00 |
| Additions - Net | <u>3,195.00</u> |
| Balance June 30, 1998 | <u>\$ 13,968.00</u> |

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:

| | |
|-----------------------|---------------------|
| Compensated Absences: | |
| Balance June 30, 1997 | <u>\$ 10,000.00</u> |
| Balance June 30, 1998 | <u>\$ 43,000.00</u> |

| Long-term Debt: | <u>Interest Rate</u> | <u>Principal Balance</u> |
|-----------------------------------|--------------------------|------------------------------|
| Bond Payable, June 1, 1963 Series | 3.5% | \$ 155,794.02 |
| FFB Note, January 8, 1992 | 6.6% | 344,978.60 |
| Permanent Note - HUD | * | <u>0.00</u> |
| Total Long-term Debt | | <u>\$ 500,772.62</u> |

* No interest is charged by HUD.

The notes and bonds mature in series annually in varying amounts. 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.

Long-term debt is secured by the land and buildings of the entity.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
 Notes to Financial Statements (Continued)

Change in long-term debt is as follows:

| | <u>FFB Note</u> | <u>Bonds</u> |
|-----------------------|----------------------|----------------------|
| Balance June 30, 1997 | \$ 363,508.66 | \$ 179,871.27 |
| Principal retirement | <u>18,530.06</u> | <u>24,077.25</u> |
| Balance June 30, 1998 | <u>\$ 344,978.60</u> | <u>\$ 155,794.02</u> |

Schedule retirements of long-term debt is as follows:

| | | |
|------------|------------|-----------|
| 1999 | 19,753.04 | 25,493.56 |
| 2000 | 21,056.74 | 26,909.87 |
| 2001 | 22,391.49 | 26,909.87 |
| 2002 | 23,924.33 | 26,909.87 |
| 2003 | 25,503.33 | 29,742.47 |
| Thereafter | 232,349.67 | 19,828.38 |

The information is also available to the HUD Annual Contributions Branch as it is responsible for all required debt payments of principal and interest on behalf of the authority.

All principal and interest requirements are funded in accordance with Federal Law by the annual contributions contract from HUD. At June 30, 1998, the authority has accrued \$76,633.32 in the debt service funds for future debt requirements.

10. INTERFUND ASSETS/LIABILITIES

Interfund receivables/payables at June 30, 1998 are as follows: NONE

11. COMMITMENTS AND CONTINGENCIES

The authority participates in a number of federally assisted grant programs. Although the current grant programs have been audited in accordance with the Single Audit Act of 1994 through June 30, 1998, these programs are still subject to cognizant agency program compliance audits and reviews.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA
PONCHATOULA, LOUISIANA
Notes to Financial Statement (Continued)

12. GOING CONCERN

The authority receives a major portion of its funding from HUD. While it is unlikely to happen, discontinuation of this funding source would seriously affect the authority's ability to continue operations.

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA

SCHEDULE OF EXPENDED FEDERAL FINANCIAL AWARDS

JUNE 30, 1998

| <u>PROGRAM</u> | <u>CFA NO.</u> | <u>EXPENDITURES</u> |
|--|----------------|----------------------|
| U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT: | | |
| Conventional Public Housing Program | | |
| HUD Operating Subsidy | | \$ 129,313.00 |
| HUD Annual Contribution | 14.850 | <u>73,106.82</u> |
| Total | | 202,419.82 |
| Section 8 Rental Certificate Program | 14.857 | 156,714.00 |
| Comprehensive Improvement Assistance Program (CIAP) | 14.852 | <u>39,083.46</u> |
| Total Expended Federal Financial Awards | | \$ <u>398,217.28</u> |

HOUSING AUTHORITY OF THE CITY OF PONCHATOULA, LOUISIANA
COMPREHENSIVE IMPROVEMENT ASSISTANCE PROGRAM (CIAP) ACTIVITY

JUNE 30, 1998

PROJECT: LA48-P075

| | <u>907-95</u> | <u>908-96</u> |
|---|-----------------------|----------------------|
| Funds Approved | \$ 228,000.00 | \$ 133,700.00 |
| Funds Advanced | (<u>228,000.00</u>) | (<u>13,767.00</u>) |
| Funds Remaining | \$ <u>0.00</u> | \$ <u>119,933.00</u> |
| | | |
| Funds Advanced | \$ 228,000.00 | \$ 13,767.00 |
| Funds Expended | (<u>228,000.00</u>) | (<u>14,293.46</u>) |
| Excess (Deficiency) | \$ (<u>0.00</u>) | \$ (<u>526.46</u>) |
| | | |
| Funds Spent, Fiscal Year Ended June 30, 1998 | \$ <u>24,790.00</u> | \$ <u>14,293.46</u> |

These expenditures were tested and audited by Tom E. Brewster, CPA, during my audit of the fiscal years ended June 30, 1996, 1997 and 1998. CIAP 907-95 was completed with all budgeted amounts expended and the modernization cost certificate submitted to HUD in December, 1997.