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

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**Financial Statements and Supplemental Financial Information
Year Ended December 31, 1998
with
Reports of Certified Public Accountants
on Financial and Compliance Examination**

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 7-14-99

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

TABLE OF CONTENTS

	PAGE
<u>Financial Section</u>	
Independent Auditors' Report	4
<u>General Purpose Financial Statements</u>	
Combined Balance Sheet - All Fund Types and Account Groups	7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	9
Notes to the Financial Statements	10
<u>Supplemental Financial Information - Statutory Basis</u>	
Balance Sheet - Statutory Basis	18
Statement of Income and Expenses - Statutory Basis - Owned Housing Program	19
Analysis of Surplus - Statutory Basis	20
Computation of Residual Receipts and Accruing Annual Contributions - Owned Housing Program	21
Schedule of Modernization Costs - Uncompleted	22
Analysis of General Fund Cash Balance	23
Adjusting Journal Entries	24
<u>Governmental Assistance</u>	
Schedule of Governmental Assistance	26
<u>Supplemental Financial Information - GASB Required Information</u>	
Year 2000 Supplementary Information	28
<u>Non-Financial Section</u>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	30
Summary Schedule of Prior Audit Findings	31

FINANCIAL SECTION

Independent Auditors' Report

Board of Commissioners
Housing Authority of the City of Bunkie
P.O. Box 1036
Bunkie, LA 71322

We have audited the accompanying general purpose financial statements of Housing Authority of the City of Bunkie as of December 31, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements, the schedule of governmental assistance, and the supplemental financial information - statutory basis referred to below are the responsibility of the authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the City of Bunkie as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

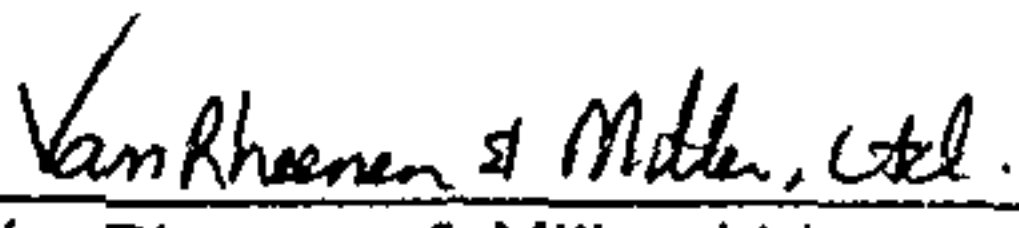
In accordance with Government Auditing Standards, we have also issued a report dated June 11, 1999 on our consideration of Housing Authority of the City of Bunkie's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying schedule of governmental assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements, taken as a whole.

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

The supplemental financial information-GASB required information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Housing Authority of the City of Bunkie is or will become year 2000 compliant, that Housing Authority of the City of Bunkie's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Housing Authority of the City of Bunkie does business are or will become year 2000 compliant.

June 11, 1999



VanRheenen & Miller, Ltd.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1998

	Governmental Fund Types			Account Groups		Memo Totals 1998	Memo Totals 1997
	Special Revenue	Debt Service	Capital Projects	General Fixed Assets	General Long-term Debt		
Assets and Other Debits							
Assets:							
Cash	\$ 37,052.81	-	-	\$ -	-	\$ 37,052.81	\$ 16,197.95
Investments	90,000.00	-	-	-	-	90,000.00	90,000.00
Receivables:							
Accounts	467.07	-	-	-	-	467.07	321.73
Other governments	-	35,879.75	-	-	-	45,004.62	37,170.25
Other	250.00	-	9,124.87	-	-	250.00	250.00
Due from other funds	9,124.87	-	-	-	-	9,124.87	1,290.50
Prepaid items	5,997.53	-	-	-	-	5,997.53	4,351.50
Restricted assets:							
Cash	-	514.28	-	-	-	514.28	484.10
Fixed assets	-	-	-	2,485,831.69	-	2,485,831.69	2,254,244.32
Other debits:							
Amount available in debt service fund	-	-	-	-	36,394.03	36,394.03	36,363.85
Amount to be provided for retirement of general long term debt	-	-	-	-	124,976.49	124,976.49	154,866.19
Total Assets and Other Debits	\$ 142,892.28	\$ 36,394.03	\$ 9,124.87	\$ 2,485,831.69	\$ 161,370.52	\$ 2,835,613.39	\$ 2,595,540.39
Liabilities, Equity, and Other Credits							
Liabilities:							
Accounts payable:							
Trade	\$ 10,018.79	-	-	-	-	\$ 10,018.79	\$ 470.00
Payroll taxes withheld and accrued	368.66	-	-	-	-	368.66	-
Security deposits	5,605.00	-	-	-	-	5,605.00	5,360.00
Due to other funds	-	-	9,124.87	-	-	9,124.87	1,290.50
Accrued PILOT	13,153.32	-	-	-	-	13,153.32	12,893.12
Fixed liabilities	-	-	-	-	161,370.52	161,370.52	191,230.04
Total liabilities	29,145.77	-	9,124.87	-	161,370.52	199,641.16	211,243.66
Equity and Other Credits:							
Investment in general fixed assets	-	-	-	2,485,831.69	-	2,485,831.69	2,254,244.32
Fund balances:							
Reserved for debt service	-	36,394.03	-	-	-	36,394.03	36,363.85
Reserved for prepaids	5,997.53	-	-	-	-	5,997.53	4,351.50
Reserved for inventories	-	-	-	-	-	-	-
Unreserved, undesignated	107,748.98	-	-	-	-	107,748.98	89,337.06
Total Equity and Other Credits	113,746.51	36,394.03	-	2,485,831.69	-	2,635,972.23	2,384,296.73
Total Liabilities, Equity and Other Credits	\$ 142,892.28	\$ 36,394.03	\$ 9,124.87	\$ 2,485,831.69	\$ 161,370.52	\$ 2,835,613.39	\$ 2,595,540.39

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

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Year Ended December 31, 1998

	Governmental Fund Types				Memo Totals 1998	Memo Totals 1997
	Special Revenue	Debt Service	Capital Projects			
Revenues:						
Rents	\$ 136,844.21	\$ -	\$ -	\$ 136,844.21	\$ 134,120.63	
Charges for services	1,941.65	-	-	1,941.65	-	
Operational subsidies/grants	67,453.00	35,879.75	227,211.37	330,544.12	144,739.95	
Interest	4,692.57	-	-	4,692.57	4,683.77	
Miscellaneous	1,067.00	-	-	1,067.00	818.43	
Total Revenues	211,998.43	35,879.75	227,211.37	475,089.55	284,362.78	
Expenditures						
Current:						
Housing operation						
Administration	62,330.92	-	-	62,330.92	46,011.24	
Utilities	5,472.06	-	-	5,472.06	5,189.47	
Ordinary maintenance and operations	49,289.80	-	-	49,289.80	59,435.21	
General expense	70,296.70	-	-	70,296.70	65,254.19	
Capital outlay	4,551.00	-	227,211.37	231,762.37	35,360.00	
Debt service						
Principal	-	27,359.94	-	27,359.94	44,235.47	
Interest	-	8,489.63	-	8,489.63	10,871.41	
Total Expenditures	191,940.48	35,849.57	227,211.37	455,001.42	266,356.99	
Excess of Revenues over (under) Expenditures	20,057.95	30.18	-	20,088.13	18,005.79	
Fund balances, beginning of period	93,688.56	36,363.85	-	130,052.41	112,046.62	
Fund Balance, end of period	\$ 113,746.51	\$ 36,394.03	\$ -	\$ 150,140.54	\$ 130,052.41	

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

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

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 1998**

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Rents	\$ 136,540.00	\$ 136,844.21	\$ 304.21
Charges for services	2,550.00	1,941.65	(608.35)
Operational subsidies/grants	67,453.00	67,453.00	-
Interest	4,430.00	4,692.57	262.57
Miscellaneous	1,067.00	1,067.00	-
	<u>212,040.00</u>	<u>211,998.43</u>	<u>(41.57)</u>
Total Revenues			
Expenditures			
Current:			
Administrative salaries	42,050.00	42,072.00	(22.00)
Professional fees	3,000.00	5,620.00	(2,620.00)
Travel	4,340.00	4,008.29	331.71
Sundry administration	7,590.00	10,630.63	(3,040.63)
Utilities	5,450.00	5,472.06	(22.06)
Maintenance salaries	43,810.00	33,711.00	10,099.00
Maintenance materials	12,900.00	7,490.99	5,409.01
Other maintenance costs	21,000.00	8,087.81	12,912.19
Insurance	23,050.00	20,951.74	2,098.26
PILOT	11,700.00	13,153.32	(1,453.32)
Employee benefits	37,310.00	32,468.64	4,841.36
Miscellaneous	-	3,723.00	(3,723.00)
Capital expenditures	6,150.00	4,551.00	1,599.00
	<u>218,350.00</u>	<u>191,940.48</u>	<u>26,409.52</u>
Total Expenditures			
Excess of Revenues over (under) Expenditures	<u>\$ (6,310.00)</u>	20,057.95	<u>\$ 26,367.95</u>
Fund balances, beginning of period		<u>93,688.56</u>	
Fund Balance, end of period		<u>\$ 113,746.51</u>	

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

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

**Notes to the Financial Statements
December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction.

The financial statements of the entity have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The entity is chartered as a public corporation for the purpose of administering housing programs for low income families.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds.

The following is a summary of significant accounting policies:

A. Reporting Entity.

The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Housing Authority of the City of Bunkie, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups, and programs which are controlled by the entity's governing body.

B. Basis of Presentation.

1. **Funds and Account Groups.** The accounts of the entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various accounts are grouped, in the financial statements in this report, into the following categories:

Governmental Fund Types

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

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

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

Account Groups

The account groups are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

2. **Comparative Data.** Comparative total data for the prior year have been presented in some accompanying financial statements in order to provide an understanding of changes in the entity's financial position and operations. However, comparative data by fund type have not been presented in each of the statements since inclusion of such data would make the statements unduly complex and difficult to read.

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

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. **Total Columns on Combined Statements.** Total columns on the combined statements are captioned Memo Totals to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
4. **Land, Structures, and Equipment.** Land, structures and equipment used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The entity does capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity.
5. **Capitalized Interest.** During project development, interest expenditures were capitalized under pre-1987 financing arrangements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to financed developments, interest expenditures are not accrued but are recorded when paid.
6. **Long-term Liabilities.** Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.
7. **Fund Balance Reservations.** Special reporting treatment is also applied in governmental funds when prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

C. Basis of Accounting.

1. **Modified Accrual Basis of Accounting.** All governmental fund types are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. All significant revenue sources are susceptible to accrual.

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

The entity does not utilize encumbrance accounting.

2. **Supplemental Financial Information - Statutory Basis.** The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:
 - a. Governmental fund accounting principles are not utilized.
 - b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.
 - c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.

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

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
- e. Premiums and/or discounts on bonds are recognized in income or expense in the year bonds are sold.
- f. The cost of accumulated unpaid vacation and sick leave is not accrued.
- g. Financial statement formats vary from GAAP.
- h. The entity does not utilize encumbrance accounting.
- i. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as Fixed Assets may include costs substantially in excess of value.
- j. During project development, interest expenditures are capitalized under pre-1987 financing agreements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to completion of Pre-1987 financed developments, interest expenditures are not accrued but are recognized when paid.

D. Budgetary Data.

- 1. Budget Policy and Practice. The entity follows these procedures in establishing the budgetary data reflected in the financial statements:
 - a. The entity prepares annual budgets for each fund (except Debt Service Fund and the Capital Projects Fund). Prior to the beginning of each budget year, the entity's annual budget is approved by the entity's governing body. Budgetary amendments require approval by the governing body. Budget amounts shown in the financial statements are the final authorized amounts for the year. All budgetary appropriations lapse at the end of each fiscal year.
 - b. Budgets for the Capital Projects Fund are prepared on a project-life basis rather than on an annual basis and, therefore, have been omitted from the accompanying financial statements.
 - c. Budgets for the Debt Service Fund are not prepared inasmuch as all revenues and expenditures of this fund are controlled by and processed by HUD. The entity records Debt Service Fund transactions from documents supplied by HUD.
- 2. Encumbrances. Encumbrance accounting is not utilized by the entity.
- 3. Budget Basis of Accounting. The budgets are prepared on the statutory basis of accounting as prescribed by HUD.

E. Assets, Liabilities and Fund Equity.

- 1. Cash and Cash Equivalents. The entity defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.
- 2. Investments. The entity defines investments to include certificates of deposit with maturities of greater than three months. Consequently, the cost, carrying value, and market value are equivalent.

F. Revenue, Expenditures and Expenses.

- 1. Compensated Absences. Vested and earned vacation and sick leave that are not accrued are reported in the general long-term debt account group. No expenditure is reported for those amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.
- 2. Income Taxes. The entity is not subject to federal or state income taxes.

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

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at December 31, 1998. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized. (This includes bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 55,229.65	\$ 55,229.65	\$.00	\$.00

B. Investments

Investing is performed in accordance with HUD regulations and State Statues. Funds may be invested in the following type of investments:

1. Direct obligations of the United States pledged by its full faith and credit
2. Obligations of Federal government agencies and government sponsored agencies
3. Demand, savings, money-market, certificates of deposit, and Super NOW deposits at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC or the National Credit Union Share Insurance Fund (NCUSIF) and any deposits in excess of insured amounts are adequately collateralized.
4. Certain municipal depositary funds and local government investment pools provided that all investments made by these funds or pools are on the HUD-approved list of investment securities. The entity must limit its investments in this category to no more than 30 percent of the entity's available investment funds.
5. Repurchase agreements for a term of 30 days or less entered into with Federally insured depositary institutions for purchase and sale of securities identified in 1 and 2 above.
6. Certain no-load, open-end mutual funds investing in only HUD-approved investment securities. The entity must limit its investment in this category to no more than 20 percent of the entity's available investment funds.

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at December 31, 1998. The categories are:

- Category 1 - Insured or registered, with securities held by the entity or its agent in the entity's name
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name
- Category 3 - Uninsured and Unregistered, with securities held by the counterparty, or its trust department or agent but not in the entity's name

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

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments, categorized by level of risk, are:

Types of Investments	Category			Fair Value/ Carrying Value	Cost
	1	2	3		
Deposits at federally insured depositories	\$ 90,000.00	\$.00	\$.00	\$ 90,000.00	\$ 90,000.00

NOTE 3 - RESTRICTED CASH

Restricted cash consists of the following:

	Owned Housing Program
Debt Service Fund	\$ 514.28

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule as of December 31, 1998 represents interfund receivables and payables:

Fund Type	Interfund Receivables	Interfund Payables
Special Revenue:		
Owned Housing	\$ 9,124.87	\$.00
Capital Projects	.00	9,124.87
Total	\$ 9,124.87	\$ 9,124.87

NOTE 5 - FIXED ASSETS

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 345,706.39	\$.00	\$.00	\$ 345,706.39
Building	1,777,955.89	.00	.00	1,777,955.89
Equipment	111,160.54	4,551.00	175.00	115,536.54
Const. in progress	19,421.50	227,211.37	.00	246,632.87
Total	\$ 2,254,244.32	\$ 231,762.37	\$ 175.00	\$ 2,485,831.69

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation having a planned total cost of \$350,000.00 to be fully financed by grants from HUD.

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

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

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 6 - FIXED LIABILITIES

Fixed liabilities consist of the following:

	Interest Rate	Principal Balance
Payroll related costs	various	\$ 5,342.94
FFB note dated September 4, 1981	6.60%	64,844.27
Bonds payable, December 1, 1962 series	3.25%	91,183.31
Total		\$ 161,370.52

HUD notes payable are held and guaranteed by HUD. Under provisions of the federal Debt Forgiveness Act of 1985, these notes and accrued interest on these notes are to be forgiven by HUD. Timing of this action is uncertain.

The Federal Financing Bank note is payable in annual installments of \$15,647.88, including principal and interest. All annual installments to maturity are payable by HUD. The note matures November 1, 2003.

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

Changes in fixed liabilities are as follows:

	FFB Notes	Bonds	Payroll Related Costs
Balance, beginning of period	\$ 75,508.68	\$ 107,878.84	\$ 7,842.52
Principal retirement	(10,664.41)	(16,695.53)	.00
Net Change	.00	.00	(2,499.58)
Balance, end of period	\$ 64,844.27	\$ 91,183.31	\$ 5,342.94

Scheduled retirements of fixed liabilities are as follows:

	FFB Notes	Bonds	Interest	Total
Within first year	\$ 11,368.26	\$ 17,337.66	\$ 7,243.18	\$ 35,949.10
Within second year	12,108.89	17,979.80	5,929.40	36,018.09
Within third year	12,917.75	18,621.93	4,545.87	36,085.55
Within fourth year	13,770.32	18,621.93	3,088.09	35,480.34
Within fifth year	14,679.05	18,621.99	1,574.03	34,875.07

NOTE 7 - RETIREMENT PLAN

The entity provides pension benefits for all of its full-time employees through the Housing Authority of the City of Bunkie SEP-IRA Plan (the "Plan"). The Plan is a single-employer defined contribution plan and is administered by the Housing Authority of the City of Bunkie. The Plan was established January 1, 1992 and is authorized and may be amended by the entity's Board of Commissioners.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six month exclusionary period. The entity contributes 8% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested immediately.

The entity's total payroll in fiscal year ended December 31, 1998 was \$79,932.66. The entity's contributions were calculated using the base salary amount of \$71,361.00. Contributions to the plan were \$5,708.88 by the entity.

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

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 8 - COMMITMENTS

Commitments arise primarily from construction in progress. Commitments at December 31, 1998 are composed of the following:

	<u>Project Authorization</u>	<u>Expended to December 31, 1998</u>	<u>Commitment</u>
CIAP 902-97	\$ 350,000.00	\$ 246,632.87	\$ 103,367.13

All project funds are provided by grant from HUD, therefore no additional funding is required to satisfy outstanding commitments at December 31, 1998.

NOTE 9 - CONTINGENCIES

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Balance Sheet - Statutory Basis
December 31, 1998

Annual Contributions Contract FW-586

Assets

Cash-checking and on hand	\$ 37,052.81
Investments	90,000.00
Accounts receivable-tenants	467.07
Accounts receivable-other	250.00
Prepaid insurance	5,997.53
Debt amortization funds	36,394.03
Fixed assets	<u>2,485,831.69</u>
Total Assets	<u>\$ 2,655,993.13</u>

Liabilities and Surplus

Tenants' security deposits	\$ 5,605.00
Accounts payable-other	10,018.79
Accrued and withheld payroll taxes	368.66
Accrued PILOT	13,153.32
Fixed liabilities	<u>156,027.58</u>
Total liabilities	185,173.35
Surplus	<u>2,470,819.78</u>
Total Liabilities and Surplus	<u>\$ 2,655,993.13</u>

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Statement of Income and Expenses - Statutory Basis
Owned Housing Program
Year Ended December 31, 1998

Annual Contributions Contract FW-586

Operating income	
Dwelling rental	\$ 136,844.21
Interest on general fund investments	4,692.57
Other Income	<u>1,941.65</u>
Total operating income	<u>143,478.43</u>
Operating Expenses	
Administration	62,330.92
Utilities	5,472.06
Ordinary maintenance and operations	49,289.80
General expense	<u>70,296.70</u>
Total operating expenses	<u>187,389.48</u>
Net operating income (loss) before other items	(43,911.05)
Other charges (credits)	
Interest expense	8,489.63
Prior year adjustments affecting residual receipts	(1,067.00)
Loss from disposition of equipment	<u>175.00</u>
Total other charges (credits)	<u>7,597.63</u>
Net Income (Loss)	<u>\$ (51,508.68)</u>

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Analysis of Surplus - Statutory Basis
December 31, 1998

Annual Contributions Contract FW-586

Unreserved surplus	
Balance per 12-31-97 audit	\$ (1,773,938.62)
Net income (loss) FYE 12-31-98	(51,508.68)
OR provision FYE 12-31-98	<u>(19,882.84)</u>
Balance at 12-31-98	<u>(1,845,330.14)</u>
Reserved Surplus	
Balance per 12-31-97 audit	93,688.56
OR provision FYE 12-31-98	<u>19,882.84</u>
Balance at 12-31-98	<u>113,571.40</u>
Cumulative contributions from HUD	
Balance per 12-31-97 audit	3,661,737.77
Contribution FYE 12-31-98	35,879.75
Operating subsidy FYE 12-31-98	<u>67,453.00</u>
Balance at 12-31-98	<u>3,765,070.52</u>
Grants from HUD	
Balance per 12-31-97 audit	218,131.00
Grants FYE 12-31-98	<u>219,377.00</u>
Balance at 12-31-98	<u>437,508.00</u>
Total Surplus	<u>\$ 2,470,819.78</u>

Housing Authority of the City of Bunkie
Bunkie, Louisiana

**Computation of Residual Receipts and Accruing Annual Contributions
Owned Housing Program
Year Ended December 31, 1998**

Annual Contributions Contract FW-586

Computation of Residual Receipts	
Operating receipts	\$ 143,478.43
Operating income	67,453.00
HUD operating subsidy	1,067.00
Prior year adjustments affecting residual receipts	<u> </u>
Total operating receipts	<u>211,998.43</u>
Operating expenditures	187,389.48
Operating expenses	4,551.00
Capital expenditures	<u> </u>
Total operating expenditures	<u>191,940.48</u>
Residual Receipts before provision for reserve, per audit	20,057.95
Audit adjustments (backed out)	<u>(175.11)</u>
Residual Receipts before provision for reserve, per PHA	19,882.84
Provision for operating reserve	<u>(19,882.84)</u>
Residual receipts per PHA	<u>\$ -</u>
Computation of Accruing Annual Contributions	
Fixed annual contributions*	\$ 35,921.49
Less interest savings	<u>(41.74)</u>
Total annual contribution accrued	35,879.75
Less amount available for reduction of annual contribution - Residual Receipts above	<u> </u>
Accruing annual contribution	<u>\$ 35,879.75</u>

* Subject to adjustment by HUD.

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Schedule of Modernization Costs - Uncompleted
December 31, 1998

Annual Contributions Contract FW-586

	<u>Project #902-97</u>
1. Funds approved	\$ 350,000.00
Funds expended	<u>246,632.87</u>
Excess of funds approved	<u>\$ 103,367.13</u>
2. Funds advanced	\$ 237,508.00
Funds expended	<u>246,632.87</u>
Excess (deficiency) of funds advanced	<u>\$ (9,124.87)</u>

Housing Authority of the City of Bunkie
Bunkie, Louisiana

Analysis of General Fund Cash Balance
December 31, 1998

Annual Contributions Contract FW-586

Assets and Other Items

Cash-checking and on hand	\$ 37,052.81
Investments	90,000.00
Adjustment for CIAP/CGP funding	9,124.87
Accounts receivable-tenants	467.07
Accounts receivable-other	250.00
Prepaid insurance	<u>5,997.53</u>
Total	<u>\$ 142,892.28</u>

Liabilities, Reserves, and Other Items

Tenants' security deposits	\$ 5,605.00
Accounts payable-other	10,018.79
Accrued and withheld payroll taxes	368.66
Accrued PILOT	13,153.32
Operating reserve per PHA	113,571.40
Adjustments affecting Operating Reserve (backed out)	<u>175.11</u>
Total	<u>\$ 142,892.28</u>

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

Owned Housing Program

**Adjusting Journal Entries
December 31, 1998**

Annual Contributions Contract FW-586

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
Insurance Deposits	1212	1212	\$ 1,067.00	
Prior Yr. Adj. Aff. R.R.	6010	6010		\$ 1,067.00
To record insurance deposits				
(2)				
CIAP Costs	1400.2M	DO	9,126.90	
Administrative Sundry	4190		42.31	
Other Utilities	4390		161.00	
Maintenance Materials	4420	NOT	91.32	
Maintenance Contract Costs	4430		273.78	
Insurance	4510		323.48	
Accounts Payable	2111	BOOK		10,018.79
To record accounts payable at December 31, 1998.				

Governmental Assistance

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

**Schedule of Governmental Assistance
Year Ended December 31, 1998**

<u>Federal Grantor/Program Title</u>	<u>Current Year Program or Award Amount</u>	<u>Balance Beginning of Year - Cash/ Receivable/ (Payable)</u>	<u>Grant Receipts or Revenue Recognized</u>	<u>Grant isbursements Expenditures</u>	<u>Balance End of Year Cash/ Receivable (Payable)</u>
U.S. Department of Housing and Urban Development					
Direct Programs:					
Low - Income Housing Operating Subsidies	\$ 67,453.00	\$ -	\$ 67,453.00	\$ 67,453.00	\$ -
CIAP	<u>-</u>	<u>1,290.50</u>	<u>219,377.00</u>	<u>227,211.37</u>	<u>9,124.87</u>
Total HUD and Grand Total	<u>\$ 67,453.00</u>	<u>\$ 1,290.50</u>	<u>\$286,830.00</u>	<u>\$294,664.37</u>	<u>\$ 9,124.87</u>

See Note 1 to Financial Statements for a discussion of accounting principles applied to this statement.

See Notes to Financial Statements.

SUPPLEMENTAL FINANCIAL INFORMATION -
GASB REQUIRED INFORMATION

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

**Year 2000 Supplementary Information
December 31, 1998**

GASB Technical Bulletin No. 98-1 requires certain information to be disclosed regarding the impact of the Year 2000 (Y2K) on the processing of date dependent information by the computerized information systems being utilized by governmental entities.

GASB Technical Bulletin No. 99-1 further expounded on the disclosure requirements and methods of reporting. The disclosures that follow are intended to comply with these requirements:

It appears that the Housing Authority of the City of Bunkie has addressed the potential impact of the Year 2000 (Y2K) on the processing of date-dependent information by the computerized information systems being utilized by the Authority. The PHA is in the implementation stage of compliance. All application software, operating systems, and computer hardware appear to be Y2K compliant. The Y2K Issue is the result of computer programs being written using two digits (rather than four) to define a year. This could result in miscalculations or system failures. No significant additional costs will be required to make computer systems and other equipment Y2K compliant.

NON-FINANCIAL SECTION

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of
General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of the City of Bunkie
P.O. Box 1036
Bunkie, LA 71322

We have audited the general purpose financial statements of Housing Authority of the City of Bunkie as of and for the year ended December 31, 1998, and have issued our report thereon dated June 11, 1999. 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 Housing Authority of the City of Bunkie's general purpose 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Housing Authority of the City of Bunkie's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving 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 Board of Commissioners, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

June 11, 1999


VanRheenen & Miller Ltd.
Certified Public Accountants

**Housing Authority of the City of Bunkie
Summary Schedule of Prior Audit Findings
Year Ended December 31, 1998**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1996 - FINDING NO. 3

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

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

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

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

Current Status: The PHA did perform a physical inventory as defined above for the fiscal year ended December 31, 1998. This finding is resolved.