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

**Financial Statements**

**June 30, 1999**

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 DEC 10 1999

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Table of Contents  
June 30, 1999

	<u>Page</u>
Independent Auditors' Report .....	1-2
<b>Combined Financial Statements - Overview</b>	
Combined Balance Sheet - All Fund Types and Account Groups .....	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Governmental Funds – General Fund .....	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Governmental Funds – Special Revenue Funds .....	6
Notes to the Financial Statements .....	7-17
<b>Supplemental Information Schedules - Generally Accepted Accounting Principles Basis</b>	
Supplemental Information Schedules - Special Revenue Funds .....	18
Combining Balance Sheet - Special Revenue Funds .....	19
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Special Revenue Funds .....	20
Supplemental Information Schedules - Capital Projects Funds .....	21
Combining Balance Sheet - Capital Projects Funds .....	22
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Capital Projects Funds .....	23
Supplemental Information Schedules - Agency Funds .....	24

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Table of Contents  
June 30, 1999

Schedule of Changes in Assets and Liabilities - Agency Funds .....	25
Schedule of Changes in Deposits Due Others Tenants' Security Deposits .....	26
Supplemental Information Schedules - General .....	27
Schedule of Expenditures of Federal Awards .....	28
Notes to the Schedule of Expenditures of Federal Awards .....	29
<b>Supplemental Information Schedules - HUD Prescribed Format</b>	
Analysis of Surplus - Statutory Basis .....	30-31
Statement of Comprehensive Grant Cost Certificate - Schedule 1 .....	32
<b>Other Reports Required By Government Auditing Standards and Office of Management and Budget (OMB) Circular A-133</b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	33
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	34-35
Schedule of Prior Year Findings and Questioned Costs .....	36
Schedule of Current Audit Findings and Questioned Costs .....	37-38
Corrective Action Plan.....	39



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Housing Authority of the City of Bossier City, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Government Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Housing Authority of the City of Bossier City, Louisiana, has included such disclosures in Note 11. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Housing Authority of the City of Bossier City, Louisiana's disclosures with respect to the year 2000 issue made in Note 11. Further, we do not provide assurance that the Housing Authority of the City of Bossier City, Louisiana is or will be year 2000 ready, that the Housing Authority of the City of Bossier City, Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Housing Authority of the City of Bossier City, Louisiana, does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, 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 Bossier City, Louisiana, as of June 30, 1999, 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 our report dated October 27, 1999, on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements of the Housing Authority of the City of Bossier City, Louisiana. 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 supplemental information is identified as:

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

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

*Smith Pugh Rabinowitz LLP*

Certified Public Accountants

October 27, 1999

## **COMBINED FINANCIAL STATEMENTS - OVERVIEW**



Fiduciary Funds-Agency Funds	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
\$ 75,938	\$ -	\$ -	\$ 2,538,820
-	-	-	261,323
-	-	-	101,174
-	-	-	77,861
-	-	-	10,100
-	20,865,269	-	20,865,269
-	-	649	649
-	-	5,443,210	5,443,210
<u>\$ 75,938</u>	<u>\$ 20,865,269</u>	<u>\$ 5,443,859</u>	<u>\$ 29,298,406</u>
\$ -	\$ -	\$ -	\$ 112,700
-	-	-	101,174
75,938	-	-	75,938
-	-	-	125,249
-	-	40,776	40,776
-	-	5,403,083	5,403,083
<u>75,938</u>	<u>-</u>	<u>5,443,859</u>	<u>5,858,920</u>
-	20,865,269	-	20,865,269
-	-	-	1,536,049
-	-	-	649
-	-	-	10,100
-	-	-	77,861
-	-	-	949,558
-	20,865,269	-	23,439,486
<u>\$ 75,938</u>	<u>\$ 20,865,269</u>	<u>\$ 5,443,859</u>	<u>\$ 29,298,406</u>



**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

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

June 30, 1999

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Funds	Total (Memorandum Only)
<b>Revenues</b>					
Local sources:					
Dwelling rental	\$ 427,471	\$ 937,736	\$ -	\$ -	\$ 1,365,207
Interest earnings	18,372	25,574	-	-	43,946
Other	18,659	41,273	-	-	59,932
Federal sources:					
Operating subsidy	501,319	-	-	-	501,319
Annual contributions	-	-	168,182	-	168,182
Grants	-	881,436	-	735,835	1,617,271
Total revenues	<u>965,821</u>	<u>1,886,019</u>	<u>168,182</u>	<u>735,835</u>	<u>3,755,857</u>
<b>Expenditures</b>					
Current:					
Administration	268,262	195,123	-	-	463,385
Utilities	55,131	74,245	-	-	129,376
Ordinary maintenance & operations	414,068	375,899	-	-	789,967
General expenditures	337,180	89,030	-	-	426,210
Nonroutine maintenance	-	18,645	-	-	18,645
Housing assistance payments	-	852,242	-	-	852,242
Facilities acquisition and construction	529,822	431,332	-	735,835	1,696,989
Debt Service:					
Principal retirement	-	-	108,735	-	108,735
Interest and bank charges	-	-	59,167	-	59,167
Total expenditures	<u>1,604,463</u>	<u>2,036,516</u>	<u>167,902</u>	<u>735,835</u>	<u>4,544,716</u>
<b>Excess (Deficiency) of Revenue Over (Under)</b>	(638,642)	(150,497)	280	-	(788,859)
Other financing sources	1,986,115	-	-	-	1,986,115
Proceeds from sale of real estate					
<b>Excess (Deficiency) of Revenues and Other Resources Over (Under) Expenditures</b>	1,347,473	(150,497)	280	-	1,197,256
Transfers - net	140,000	(140,000)	-	-	-
<b>Fund Balances at Beginning of Year</b>	438,983	937,609	369	-	1,376,961
<b>Fund Balances at End of Year</b>	<u>\$ 1,926,456</u>	<u>\$ 647,112</u>	<u>\$ 649</u>	<u>\$ -</u>	<u>\$ 2,574,217</u>

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

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget (GAAP Basis) and Actual  
Governmental Funds - General Fund  
For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Local sources:			
Dwelling rental	\$ 472,890	\$ 427,471	\$ (45,419)
Interest earnings	22,130	18,372	(3,758)
Other	14,400	18,659	4,259
Federal sources:			
Operating subsidy	<u>501,737</u>	<u>501,319</u>	<u>(418)</u>
Total revenues	<u>1,011,157</u>	<u>965,821</u>	<u>(45,336)</u>
<b>Expenditures</b>			
Current:			
Administration	338,850	268,262	70,588
Utilities	58,760	55,131	3,629
Ordinary maintenance & operations	416,500	414,068	2,432
General expenditures	275,980	337,180	(61,200)
Facilities acquisition and construction	<u>62,227</u>	<u>529,822</u>	<u>(467,595)</u>
Total expenditures	<u>1,152,317</u>	<u>1,604,463</u>	<u>(452,146)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(141,160)</b>	<b>(638,642)</b>	<b>(497,482)</b>
Other financing sources			
Proceeds from sale of real estate	<u>-</u>	<u>1,986,115</u>	<u>1,986,115</u>
<b>Excess (Deficiency) of Revenues and Other Resources Over (Under) Expenditures</b>	<b>(141,160)</b>	<b>1,347,473</b>	<b>1,488,633</b>
Transfers - net	140,000	140,000	-
<b>Fund Balances at Beginning of Year</b>	<u>438,983</u>	<u>438,983</u>	<u>-</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ 437,823</u></u>	<u><u>\$ 1,926,456</u></u>	<u><u>\$ 1,488,633</u></u>

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
Governmental Funds - Special Revenue Funds  
For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Local sources:			
Dwelling rental	\$ 943,050	\$ 937,736	\$ (5,314)
Interest earnings	-	25,574	25,574
Other	31,500	41,273	9,773
Federal sources:			
Grants	916,062	881,436	(34,626)
Total revenues	<u>1,890,612</u>	<u>1,886,019</u>	<u>(4,593)</u>
<b>Expenditures</b>			
Current:			
Administration	150,218	195,123	(44,905)
Utilities	73,080	74,245	(1,165)
Ordinary maintenance & operations	340,776	375,899	(35,123)
General expenditures	88,839	89,030	(191)
Nonroutine maintenance	-	18,645	(18,645)
Housing assistance payments	886,368	852,242	34,126
Facilities acquisition and construction	102,000	431,332	(329,332)
Total expenditures	<u>1,641,281</u>	<u>2,036,516</u>	<u>(395,235)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	249,331	(150,497)	(399,828)
Transfer - net	(140,000)	(140,000)	-
<b>Fund Balances at Beginning of Year</b>	<u>937,609</u>	<u>937,609</u>	<u>-</u>
<b>Fund Balances at End of Year</b>	<u>\$ 1,046,940</u>	<u>\$ 647,112</u>	<u>\$ (399,828)</u>

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

# HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

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

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

Under the United States Housing Act of 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 Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-rent character.

The Housing Authority has 497 units in management at projects LA 42-1/9 and is the contract administrator for LA 480052-1 consisting of 179 units as shown below:

		<u>Units</u>
PHA Owned Housing	FW 1144	437
Section 8 - New Construction	FW 2171	179

The Housing Authority acquired a 304-unit multifamily complex from HUD on September 27, 1995 with the restriction that the property will be maintained as rental or cooperative housing for a period of twenty years and as housing for low to moderate income persons for a period of thirty years. The complex is not subsidized by HUD.

## 1. Summary of Significant Accounting Policies

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

### a. Reporting Entity

GASB Statement 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 Bossier City, Louisiana since the Mayor of the City of Bossier City, Louisiana, appoints a voting majority of the authority's governing board. The City of Bossier City, Louisiana 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 Bossier City, Louisiana. Accordingly, the authority is not a component unit of the financial reporting entity of the City of Bossier City, Louisiana.

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.

# HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

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

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## 1. Summary of Significant Accounting Policies (Continued)

### b. Funds and Account Groups

The Housing Authority uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

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

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

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

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

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

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

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

### Account Groups

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

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

# HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

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

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## 1. Summary of Significant Accounting Policies (Continued)

### c. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a 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 - Federal entitlements are recorded as unrestricted grants-in-aid when available and measurable. Federal restricted grants are recorded when the 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 Housing Authority.

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

## HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

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

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### 1. Summary of Significant Accounting Policies (Continued)

#### d. Budgets

The following summarizes the budget activities of the Housing Authority during the year ended June 30, 1999:

1. The Housing Authority adopted budgets for the General Fund, Special Revenue Funds and the Capital Projects Funds. The Capital Projects Funds' budget to actual comparison has not been included since the capital projects are a multiple-year endeavor.
2. The budgets are prepared on the modified accrual basis of accounting. All budgeted amounts lapse at year end.
3. Encumbrances are not recognized within the accounting records for budgetary control purposes.
4. Formal budget integration (within the accounting records) is employed as a management control device.
5. The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

#### e. 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. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

#### f. Cash and Cash Equivalents

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

#### g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### h. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for 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 BOSSIER CITY

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

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## 1. Summary of Significant Accounting Policies (Continued)

### i. Inventory

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

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

### j. Prepaid Items

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

### k. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Depreciation has not been provided on general fixed assets. Donated fixed assets are recorded at estimated fair market value on the date the gift is made. Fixed assets of the Riverwood Apartment Complex include donated land and buildings of \$1,550,000.

### l. Compensated Absences

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

### m. 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.

### n. Fund Equity

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



## HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

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

### 1. Summary of Significant Accounting Policies (Continued)

#### o. Interfund Transactions

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

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions 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.

#### p. 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 to 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. Deposits and Investments

Deposits and investments of the primary government are stated at cost, which approximates market. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance, NCUA 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 year-end, the Housing Authority's carrying amount of deposits was \$2,538,820 and the bank balance was \$2,598,509. Of the bank balance, \$500,000 was covered by federal depository insurance and or NCUA insurance or by collateral held by the Housing Authority's Agent in the Housing Authority's name (GASB Category 1). The remaining balance of \$2,083,642 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (GASB Category 3). Uninsured and non-collateralized deposits were \$14,867, which was due to a drop in market value at June 30, 1999, and was fully collateralized as of July 31, 1999.

Cash in the amount of \$75,938 is restricted for payment of tenant security deposits.

	Total	FDIC/NCU	Securities	Uninsured
Hibernia	\$ 297,863	\$ 100,000	\$ 197,863	\$ -
BFCU	1,897,283	100,000	1,782,416	14,867
Bank One	100,000	100,000	-	-
Citizens	303,363	200,000	103,363	-
	\$ 2,598,509	\$ 500,000	\$ 2,083,642	\$ 14,867

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

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

**3. Receivables**

The receivables of \$307,925 at June 30, 1999, are as follows:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
Local sources:					
Tenants	\$ 1,183	\$ 12,072	\$ -	\$ -	\$ 13,255
Other	2,334	-	-	-	2,334
Federal sources:					
Due from HUD	<u>59,632</u>	<u>-</u>	<u>122,580</u>	<u>63,522</u>	<u>245,734</u>
Total	<u>\$ 63,149</u>	<u>\$ 12,072</u>	<u>\$ 122,580</u>	<u>\$ 63,522</u>	<u>\$ 261,323</u>

**4. Fixed Assets**

The changes in general fixed assets are as follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Land	\$ 738,759	\$ 100,000	\$ 15,748	\$ 823,011
Buildings	18,481,869	1,813,765	1,168,708	19,126,926
Furniture and equipment	505,345	93,078	40,314	558,109
Construction in progress	<u>743,833</u>	<u>324,969</u>	<u>711,579</u>	<u>357,223</u>
Total	<u>\$ 20,469,806</u>	<u>\$ 2,331,812</u>	<u>\$ 1,936,349</u>	<u>\$ 20,865,269</u>

Fixed assets of \$18,963,791 are mortgaged to HUD pursuant to the Annual Contribution Contract as collateral for obligations owed to the U. S. Government. The building cost includes \$5,472 of ineligible expenditures as determined by HUD. The remaining \$1,901,478 of fixed assets are assets of the Riverwood Apartment Complex and are not mortgaged to HUD.

**5. Retirement System**

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

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

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

**5. Retirement System (Continued)**

The Housing Authority's total payroll for the fiscal year ended June 30, 1999 was \$445,502. The Housing Authority's contributions were calculated using the base salary amount of \$342,681. Both the Housing Authority and the covered employees made the required contributions for the year ended June 30, 1999. Employee contributions to the plan totaled \$20,561. The Housing Authority contributions totaled \$29,128 for the year ended June 30, 1999.

**6. Accounts Payable**

The payables of \$112,700 at June 30, 1999, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Vendors				
Due to Other Governments:	\$ 22,521	\$ 10,906	\$ 37,300	\$ 70,727
Payment in Lieu of Taxes	37,234	-	-	37,234
Due to HUD	-	4,739	-	4,739
Other	-	-	-	-
Total	<u>\$ 59,755</u>	<u>\$ 15,645</u>	<u>\$ 37,300</u>	<u>\$ 112,700</u>

**7. Compensated Absences**

At June 30, 1999, employees of the Housing Authority have accumulated and vested \$40,776 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 of \$40,776 is recorded within the general long-term obligations account group.

**8. Changes in Agency Fund Deposits Due Others**

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
Agency funds:				
Tenants' Security Deposits	<u>\$ 69,733</u>	<u>\$ 12,660</u>	<u>\$ 6,455</u>	<u>\$ 75,938</u>

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

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

**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:

	<u>Compensated Absences</u>	<u>Notes and Bonds</u>	<u>Total</u>
Balance, July 1, 1998	\$ 37,764	\$ 5,511,818	\$ 5,549,582
Additions	4,143	-	4,143
Deductions	<u>1,131</u>	<u>108,735</u>	<u>109,866</u>
Balance, June 30, 1999	<u>\$ 40,776</u>	<u>\$ 5,403,083</u>	<u>\$ 5,443,859</u>

The following notes and bonds outstanding at June 30, 1999 are HUD-guaranteed with maturities from 2000 to 2010 and interest rates from 4.5% to 6.6%. Bond principal and interest payable in the next fiscal year are \$70,487 and \$52,889, respectively. The debt service fund accounts for bond and principal payments. Debt service requirements are funded by the fixed annual contribution from HUD. The individual issues are as follows:

	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding June 30, 1999</u>
<b>PROJECT NOTES-NON HUD (A)</b>					
LA 42-8					\$ 3,225,898
LA 42-9					865,737
LA 42-905					396,152
<b>FEDERAL FINANCING BONDS</b>					
LA 42-6	\$ 1,670,000	6.60%	2009	\$ 239,753	547,140
<b>SINGLE ISSUE BOND</b>					
LA 42-5	\$ 935,000	4.50%	2008	<u>88,831</u>	<u>368,156</u>
Total				<u>\$ 328,584</u>	<u>\$ 5,403,083</u>

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

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

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

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

All principal and interest requirements are funded in accordance with Federal law by the annual contributions from the U. S. Department of Housing and Urban Development. At June 30, 1999, the Housing Authority has accumulated \$649 in the debt service funds for future debt requirements. The bonds are due as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2000	\$ 70,487	\$ 52,889	\$ 123,376
2001	72,732	49,065	121,797
2002	78,818	44,698	123,516
2003	81,474	40,517	121,991
2004	86,643	35,950	122,593
2005 and thereafter	<u>525,142</u>	<u>105,465</u>	<u>630,607</u>
Total	<u>\$ 915,296</u>	<u>\$ 328,584</u>	<u>\$ 1,243,880</u>

**10. Interfund Assets/Liabilities**

Interfund receivables/payables at June 30, 1999 are as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ 100,237	\$ 937
Special Revenue Funds	-	73,078
Capital Projects Funds	<u>937</u>	<u>27,159</u>
Total	<u>\$ 101,174</u>	<u>\$ 101,174</u>

**11. Year 2000 Issue:**

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the year 2000 is expected to extend beyond systems and any equipment that is dependent on microchip technology.

As stated in Note 1, the Housing Authority provides low-rent housing accommodations to its citizens. The execution of these services generally does not rely upon microchip technology since these services are not automated in nature. However, the effect of the year 2000 issue upon the Housing Authority's vendors, entities, and utility providers from which it obtains services has not been determined. As a result, the effect of any of these entities' non-compliance with the year 2000 issue upon the Housing Authority has also not been determined.

For the year ended June 30, 1999, the Housing Authority of the City of Bossier City, Louisiana, incurred remediation costs of approximately \$133,556 concerning the year 2000 issue. These costs included hardware and software for year 2000 compliant systems to be used in the daily financial operations of the Housing Authority. No significant loss due to impairment of equipment that is not year 2000 compliant was recognized for the year ended June 30, 1999.

## HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

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

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### 12. Commitments and Contingencies

#### Litigation

At June 30, 1999 the Housing Authority was a defendant in a lawsuit which could possibly result in damages of less than \$5,000. No amount has been recorded for financial statement purposes.

#### Construction Projects

There are certain major construction projects in progress at June 30, 1999. These include modernizing rental units at practically all of the eight projects. As approved by HUD, these projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

#### Grant Disallowances

The Housing Authority participates in a number of state and federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act of 1984 through June 30, 1999, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

#### Risks and Uncertainties

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

### 13. Related Party Transactions

The Housing Authority is currently using Bossier Federal Credit Union as one of the financial institutions it conducts a significant amount of financial transactions with. The chairperson for the Board of Commissioners of the Housing Authority is also the President (CEO) of Bossier Federal Credit Union. The balances of the Housing Authority maintained at Bossier Federal Credit Union as of June 30, 1999 were as follows:

General Fund	\$ 1,501,048
Special Revenue Fund	<u>396,235</u>
Total	<u>\$ 1,897,283</u>

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

## HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Supplemental Information Schedules  
As of and for the Year Ended June 30, 1999

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### Special Revenue Funds

#### Cloverdale

(Lower Income Housing Assistance, Section 8 - New Construction, CFDA #14.158)

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

#### Riverwood Apartments

This fund accounts for the activity of a 304-unit multifamily complex acquired by the Housing Authority from HUD on September 27, 1995.



**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

**Combining Balance Sheet - Special Revenue Funds  
June 30, 1999**

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	<u>Cloverdale</u>	<u>Riverwood Apartments</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 71,193	\$ 652,570	\$ 723,763
Receivables	-	12,072	12,072
Total assets	<u>\$ 71,193</u>	<u>\$ 664,642</u>	<u>\$ 735,835</u>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 54,437	\$ 34,286	\$ 88,723
Total liabilities	<u>54,437</u>	<u>34,286</u>	<u>88,723</u>
<b>Fund Equity</b>			
<b>Fund balances:</b>			
Unreserved and undesignated	<u>16,756</u>	<u>630,356</u>	<u>647,112</u>
Total equity	<u>16,756</u>	<u>630,356</u>	<u>647,112</u>
Total liabilities and fund equity	<u>\$ 71,193</u>	<u>\$ 664,642</u>	<u>\$ 735,835</u>

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

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

	<u>Cloverdale</u>	<u>Riverwood Apartments</u>	<u>Total</u>
<b>Revenues</b>			
Local sources:			
Dwelling rental	\$ -	\$ 937,736	\$ 937,736
Interest earnings	7,664	17,910	25,574
Other	-	41,273	41,273
Federal sources:			
Grants	<u>881,436</u>	<u>-</u>	<u>881,436</u>
Total revenues	<u>889,100</u>	<u>996,919</u>	<u>1,886,019</u>
<b>Expenditures</b>			
Current:			
Administration	20,580	174,543	195,123
Utilities	-	74,245	74,245
Ordinary maintenance & operations	-	375,899	375,899
General expenditures	691	88,339	89,030
Nonroutine maintenance	-	18,645	18,645
Housing assistance payments	852,242	-	852,242
Facilities acquisition and construction	<u>-</u>	<u>431,332</u>	<u>431,332</u>
Total expenditures	<u>873,513</u>	<u>1,163,003</u>	<u>2,036,516</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	15,587	(166,084)	(150,497)
Transfer - General Fund	(140,000)	-	(140,000)
<b>Fund Balances at Beginning of Year</b>	<u>141,169</u>	<u>796,440</u>	<u>937,609</u>
<b>Fund Balances at End of Year</b>	<u>\$ 16,756</u>	<u>\$ 630,356</u>	<u>\$ 647,112</u>

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Supplemental Information Schedules  
As of and For the Year Ended June 30, 1999

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**Capital Projects Funds**

**Project LA 42-704**

(Comprehensive Grant Program, CFDA #14.854)

Project LA 42-704 is a federal (HUD) funded "Comprehensive Grant Program" for modernizing project LA 42-1/4/6.

**Project LA 42-705**

(Comprehensive Grant Program, CFDA #14.854)

Project LA 42-705 is a federal (HUD) funded "Comprehensive Grant Program" for modernizing project LA 42-1/6/9.

**Project LA 42-706**

(Comprehensive Grant Program, CFDA #14.854)

Project LA 42-706 is a federal (HUD) funded "Comprehensive Grant Program" for modernizing project LA 42-1/3/8/9.

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Combining Balance Sheet - Capital Projects Funds  
June 30, 1999

	Project LA 42-704	Project LA 42-705	Project LA 42-706	Total
<b>Assets</b>				
Receivables	\$ 22,461	\$ 29,046	\$ 12,015	\$ 63,522
Interfund receivable	937	-	-	937
Total assets	<u>23,398</u>	<u>29,046</u>	<u>12,015</u>	<u>64,459</u>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts payable	23,398	13,902	-	37,300
Interfund payable	-	15,144	12,015	27,159
Total liabilities	<u>23,398</u>	<u>29,046</u>	<u>12,015</u>	<u>64,459</u>
<b>Fund Equity</b>				
Fund balances:				
Unreserved - undesignated	-	-	-	-
Total equity	-	-	-	-
Total liabilities and fund equity	<u>\$ 23,398</u>	<u>\$ 29,046</u>	<u>\$ 12,015</u>	<u>\$ 64,459</u>

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

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

	Project LA 42-704	Project LA 42-705	Project LA 42-706	Total
<b>Revenues</b>				
Federal sources:				
Grants	\$ 526,407	\$ 185,509	\$ 48,112	\$ 760,028
Total revenues	<u>526,407</u>	<u>185,509</u>	<u>48,112</u>	<u>760,028</u>
<b>Expenditures</b>				
Facilities acquisition and construction	<u>526,407</u>	<u>185,509</u>	<u>48,112</u>	<u>760,028</u>
Total expenditures	<u>526,407</u>	<u>185,509</u>	<u>48,112</u>	<u>760,028</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	-	-	-	-
<b>Fund Balances at Beginning of Year</b>	-	-	-	-
<b>Fund Balances at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Supplemental Information Schedules  
As of and For the Year Ended June 30, 1999

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**Agency Funds**

**Tenants' Security Deposit Agency Fund**

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

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

**Schedule of Changes in Assets and Liabilities - Agency Funds  
June 30, 1999**

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	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
<b>Tenants' Security Deposits</b>				
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 69,733</u>	<u>\$ 12,660</u>	<u>\$ 6,455</u>	<u>\$ 75,938</u>
<b>Liabilities</b>				
Deposits due others	<u>\$ 69,733</u>	<u>\$ 12,660</u>	<u>\$ 6,455</u>	<u>\$ 75,938</u>

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Schedule of Changes in Deposits Due Others  
 Tenants' Security Deposits  
 For the Year Ended June 30, 1999

<u>Project</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
LA 42-1	\$ 4,860	\$ 1,291	\$ 610	\$ 5,541
LA 42-2	1,200	-	1,200	-
LA 42-3	4,420	900	670	4,650
LA 42-4	3,120	1,425	620	3,925
LA 42-5	4,150	325	50	4,425
LA 42-6	4,280	2,550	1,580	5,250
LA 42-8	8,160	1,565	1,085	8,640
LA 42-9	2,365	540	640	2,265
Riverwood Apartments	<u>37,178</u>	<u>4,064</u>	<u>-</u>	<u>41,242</u>
Total	<u>\$ 69,733</u>	<u>\$ 12,660</u>	<u>\$ 6,455</u>	<u>\$ 75,938</u>



## **HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Supplemental Information Schedules  
As of and For the Year Ended June 30, 1999

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### **General**

#### **Compensation Paid Board Members**

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

Mr. Johnny A. Benson, Chairperson  
Mrs. Vita Gregorio, Vice Chairperson  
Mr. Enoch T. Nix  
Mr. Charles Maxie  
Mrs. Bettie Sims

#### **Schedule of Expenditures of Federal Awards**

In accordance with Office of Management and Budget (OMB) Circular A-133, a schedule of expenditures of federal awards is presented.

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999

<u>Federal Grantor/ Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Program or Award Amount</u>
U.S. Department of HUD Direct Program		
Public and Indian Housing -		
Fixed Annual Contribution (1)	14.850	\$ 168,182
Operating Subsidy	14.850	<u>501,319</u>
Total Program*		669,501
Comprehensive Grant Program*	14.859	763,793
Lower Income Housing Assistance		
Section 8 - New Construction*	14.158	<u>895,740</u>
 Total U.S. Dept. of Housing and Urban Development		 <u>\$ 2,329,034</u>

(1) The Housing Authority of the City of Bossier City is indebted to the Department of Housing & Urban Development for \$4,487,787 at June 30, 1999. Also, the Department of Housing & Urban Development has guaranteed through the Annual Contribution contract the Housing Authority of the City of Bossier City's bonded indebtedness. This bonded indebtedness was \$915,296 at June 30, 1999.

\* Indicates Major Program

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999

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**Note A - Basis of Accountings**

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

**Note B - Risk-Based Audit Approach**

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

**SUPPLEMENTAL INFORMATION SCHEDULES -  
HUD PRESCRIBED FORMAT**

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Analysis of Surplus  
Statutory Basis  
June 30, 1999

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**PHA Owned Housing (ACC 1144)**

**Unreserved Surplus**

Balance, Beginning	\$ (7,324,550)
Net Income	235,510
(Provision for) Reduction of:	
Operating reserve	<u>30,453</u>
Balance, Ending	<u>(7,058,587)</u>

**Operating Reserve**

Balance, Beginning	420,825
Provision for (Reduction of)	
Operating reserve	<u>(30,453)</u>
Balance, Ending	<u>390,372</u>

**Cumulative HUD Contribution**

Balance, Beginning	13,347,862
Deferred Annual Contribution	122,580
Operating subsidy	<u>501,319</u>
Balance, Ending	<u>13,971,761</u>

**Cumulative HUD Grants**

Balance, Beginning	7,454,077
HUD Modernization Grants	<u>763,793</u>
Balance, Ending	<u>8,217,870</u>
Total Surplus	<u>\$ 15,521,416</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Analysis of Surplus  
Statutory Basis  
June 30, 1999

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**Section 8 - New Construction**

**Unreserved Surplus**

Balance, Beginning	\$ (14,444,184)
Prior audit adjustments	58,407
Net Loss	(1,005,849)
(Provision for) Reduction of:	
Operating reserve	<u>124,413</u>
Balance, Ending	<u>(15,267,213)</u>

**Operating Reserve**

Balance, Beginning	138,396
Prior audit adjustments	2,773
Provision for (Reduction of):	
Operating reserve	<u>(124,413)</u>
Balance, Ending	<u>16,756</u>

**Project Account Unfunded**

Balance, Beginning	1,282,834
Prior audit adjustments	(61,180)
Provision for (Reduction of):	
Project Account Unfunded	<u>-</u>
Balance, Ending	<u>1,221,654</u>

**Cumulative HUD Contribution**

Balance, Beginning	13,164,123
Annual Contribution Earned	<u>881,436</u>
Balance, Ending	<u>14,045,559</u>
Total Surplus	<u>\$ 16,756</u>

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Statement of Comprehensive Grant Cost Certificate  
June 30, 1999

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**Schedule 1**

**PIA OWNED HOUSING (ACC FW 1144)**

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

	Grant <u>LA-48-P042-704-96</u>
Funds approved	\$ 587,600
Funds expended	<u>587,600</u>
Excess of funds approved	<u>\$ -</u>
Funds advanced	\$ 587,600
Funds expended	<u>587,600</u>
Excess of funds advanced	<u>\$ -</u>

2. The distribution of costs as shown on the actual comprehensive grant cost certificate dated October 29, 1999 for the above project is in agreement with the Housing Authority's records.

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

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

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



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

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

We have audited the general purpose financial statements of the Housing Authority of the City of Bossier City, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated October 27, 1999, which was qualified because insufficient audit evidence exists to support the Housing Authority of the City of Bossier City, Louisiana's disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Bossier City, Louisiana's 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 99-1 and 99-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Bossier City, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, management and the U.S. Department of Housing and Urban Development, and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants

October 27, 1999

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

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

Compliance

We have audited the compliance of the Housing Authority of the City of Bossier City, Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

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

As described in items 99-1 and 99-3 in the accompanying schedule of findings and questioned costs, the Housing Authority did not comply with requirements regarding HUD regulations that are applicable to its Public and Indian Housing Program. Compliance with such requirements is necessary, in our opinion, for the Housing Authority to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Housing Authority of the City of Bossier City, Louisiana 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, 1999.

Internal Control Over Compliance

The management of the Housing Authority of the City of Bossier City, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the Housing Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, management and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Smith Hugh Rabinowitz LLP". The signature is written in dark ink and is positioned above the printed name of the firm.

Certified Public Accountants

October 27, 1999

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

Schedule of Prior Year Findings and Questioned Costs  
As of and For the Year Ended June 30, 1999

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98-1

Tests of Tenant Files - Out of 43 files tested, the following were noted:

- a. Two instances of no consent to release information form being filed or updated.
- b. One instance of no Social Security number for persons age six or older.

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

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

Status - Unresolved, see finding 99-1.

98-2

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

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

Cause of Condition - Employee maintaining system died.

Effect of Condition - Weak internal controls.

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

Status - Unresolved, see finding 99-2.

98-3

Comprehensive Grant Program, (CFDA #14.859) - Contract dispute over necessity to re-advertise.

Reason Improvement Needed - To comply with federal and state bid laws.

Cause of Condition - Misinterpretation of federal and state bid law requirements.

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

Status - Resolved.

## HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

### Schedule of Current Audit Findings and Questioned Costs As of and For the Year Ended June 30, 1999

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We have audited the financial statements of the Housing Authority of the City of Bossier City as of and for the year ended June 30, 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, and the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 1999, resulted in an unqualified opinion.

#### Section I. Summary of Auditor's Reports

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

Internal Control

Material Weaknesses - No  
Reportable Conditions - Yes

Compliance

Compliance Material to Financial Statements - No

b. Federal Awards

Internal Control

Material Weaknesses - No  
Reportable Conditions - Yes

Type of Opinion on Compliance for Major Programs - Qualified

Are there findings required to be reported in accordance with Circular A-133, Section 510a - Yes

c. Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Low Income Housing
14.859	Comprehensive Grant Program
14.158	Section 8 - New Construction

Dollar threshold used to distinguish between Type A and Type B Programs was \$300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133 - No

#### Section II. Financial Statement Findings

99-2 Inventory

(Public and Indian Housing Program, CFDA #14.850)

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

## HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

### Schedule of Current Audit Findings and Questioned Costs As of and For the Year Ended June 30, 1999

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#### Section II. Financial Statement Findings (Continued)

##### 99-2 (Continued)

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

Cause of Condition - Employee turnover.

Effect of Condition - Weak internal controls.

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

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

#### Section III. Federal Award Findings and Questioned Costs

##### 99-1 Tests of Tenant Files

(Public and Indian Housing Program, CFDA #14.850)

Condition - Out of 43 files tested, the following was noted:

- One instance of income not being verified.

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

Cause of Condition - Unknown.

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

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

##### 99-3 Section 8 - New Construction

Section 8 - New Construction, (CFDA #14.158)

Condition - Housing Authority did not perform re-inspections of a sample of 5% of approved units for quality control purposes, as required by Handbook 7420.7, CHG-3.

Reason for improvement needed - To comply with Handbook 7420.7, CHG-3.

Cause of Condition - Computer conversion.

Recommendation - None.

Management's Response - Management performed re-inspections October 22, 1999.

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY**

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

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Our corrective action plan is as follows:

Finding 99-1

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

Anticipated completion date - March 31, 2000.

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

Finding 99-2

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

Anticipated completion date - March 31, 2000.

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

Finding 99-3

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

Anticipated completion date - Completed as of report date.

Corrective action planned – Performed re-inspections.