

**HOUSING AUTHORITY OF
THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Basic Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
June 30, 2005
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 2-15-06

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Basic Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
June 30, 2005
With Supplemental Information Schedules

TABLE OF CONTENTS

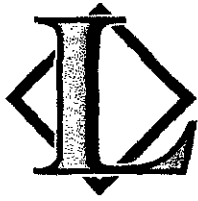
	<u>Statement</u>	<u>Page No.</u>
Independent Auditors' Report		1
Required Supplemental Information (Part I): Management's Discussion and Analysis		3
Basic Financial Statements:		
Proprietary Fund Type - Enterprise Funds:		
Balance Sheet	A	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B	11
Statement of Cash Flows	C	13
Notes to the Financial Statements		15
Independent Auditors' Reports Required by <i>Government Auditing Standards</i>; OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>; and the <i>Single Audit Act Amendments of 1996</i>:		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		29
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133		31

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Basic Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
June 30, 2005
With Supplemental Information Schedules

TABLE OF CONTENTS (CONTINUED)

	<u>Schedule</u>	<u>Page No.</u>
Schedule of Findings and Questioned Costs	1	33
Summary Schedule of Prior Audit Findings	2	35
Management's Corrective Action Plan	3	36
Supplemental Information Schedules:		
Schedule of Compensation Paid Board Members	4	37
Schedule of Expenditures of Federal Awards	5	38
Notes to Schedule of Expenditures of Federal Awards		39
Statements of Comprehensive Grant Cost Certificate	6	40
Financial Data Schedule	7	41



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report

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

We have audited the accompanying financial statements of the business-type activities, the discretely presented component units, and each major fund of the Housing Authority of the City of Bossier City as of and for the year ended June 30, 2005, which collectively comprise the Housing Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component units, and each major fund of the Housing Authority of the City of Bossier City as of June 30, 2005, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2005, on our consideration of the Housing Authority of the City of Bossier City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The financial data schedule, the schedule of expenditures of federal awards, and the other supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Housing Authority of the City of Bossier City, Louisiana. Such supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Little + Associates, LLC

Monroe, Louisiana
October 28, 2005

Management's Discussion and Analysis

Housing Authority of the City of Bossier City, Louisiana

Management's Discussion and Analysis (MD&A)

June 30, 2005

(Unaudited)

We, the management of the Housing Authority of the City of Bossier City (the "Housing Authority"), present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending June 30, 2005. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities by \$12,311,284 at the close of the fiscal year ended 2005. Of this amount, \$2,862,867 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 87 percent, or about 10 months, of the total operating expenses for the fiscal year 2005. The remainder of \$9,448,417 represents restrictions equal to the net amount invested in land, building, furnishings, leasehold improvements, and equipment, of \$9,152,721, and future capital expenditures of \$295,696.
- The Housing Authority's total net assets decreased by \$407,349, approximately 3%, from fiscal year 2004.
- The Housing Authority continues to operate without the need to incur debt for operating purposes.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The *balance sheet* presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner

Management's Discussion and Analysis (MD&A)

June 30, 2005

(Unaudited)

The *statement of revenue, expenses and changes in net assets* presents information detailing how the Housing Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused vacation leave.).

The *statement of cash flows* provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U. S. Department of Housing and Urban Development (HUD) and dwelling rentals.

HOUSING AUTHORITY'S SIGNIFICANT PROGRAMS

The Housing Authority has many programs that are consolidated into a single enterprise fund. The Housing Authority's significant programs consist of the following:

Low-Income Public Housing – Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income families. The Conventional Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an Operating Subsidy to enable the Housing Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program – The Conventional Public Housing Program also includes the Capital Fund Program, the primary funding source for the Housing Authority's physical and management improvements. The formula funding methodology is based on size and age of the Housing Authority's units.

Section 8 Housing Assistance – New Construction/Substantial Rehabilitation and Moderate Rehabilitation – These programs assist low-income families in affording decent, safe and sanitary housing by encouraging property owners to construct new, or rehabilitate existing substandard housing, and then lease the units with rental subsidies to low-income families.

Riverwood Apartments – The Riverwood Apartments (Business Activities) fund accounts for the activity of a 300-unit multifamily complex acquired by the Housing Authority from HUD in September 1995.

FINANCIAL ANALYSIS

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The

Management's Discussion and Analysis (MD&A)

June 30, 2005

(Unaudited)

Housing Authority has only one fund type, namely an enterprise fund which is a proprietary fund type. The Housing Authority maintains several funds. The general fund is used to account for the low rent, capital fund, and tenant assistance programs and blended component units. The Section 8 New Construction – Cloverdale fund accounts for the activities of the Housing Authority as contract administrator for the Section 8 New Construction program for Cloverdale Apartments. The Riverwood Apartments fund accounts for the activities of Riverwood Apartments, a non-HUD project owned by the Housing Authority. The fund financial statements can be found on pages 9 through 14 of this report.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 15 through 28 of this report.

Net Assets and Changes in Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by \$12,311,284 at June 30, 2005. By far the largest portion of the Housing Authority's net assets (87%) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Housing Authority uses these capital assets to provide housing services to residents. The Housing Authority also has net assets in the amount of \$295,696, the use of which has been restricted by HUD for future replacement costs. Consequently, these restricted assets are not available for day-to-day operations. The unrestricted net assets of the Housing Authority are available for future use to provide program services. An analysis of net assets and changes in net assets is as follows:

	Net Assets	
	2005	2004
Current assets	\$ 1,952,163	\$ 2,224,040
Restricted assets	1,053,982	778,954
Capital assets, net	9,224,488	9,884,882
Other noncurrent assets	980,000	175,000
Total assets	<u>13,210,633</u>	<u>13,062,876</u>
Current liabilities	416,845	296,957
Long-term liabilities	482,504	47,286
Total liabilities	<u>899,349</u>	<u>344,243</u>
Net assets		
Invested in capital assets, net of related debt	9,152,721	9,884,882
Restricted	295,696	192,400
Unrestricted	2,862,867	2,641,351
Total net assets	<u>\$ 12,311,284</u>	<u>\$ 12,718,633</u>

Management's Discussion and Analysis (MD&A)

June 30, 2005

(Unaudited)

Change in Net Assets

	2005	2004
Revenues:		
Dwelling rental and other	\$ 1,361,123	\$ 1,481,519
Interest earnings	45,501	25,465
Developer fee revenue	615,000	-
Gain (Loss) on disposition of assets and casualty	(163,762)	(112,222)
Federal grants	1,839,555	1,846,925
AHP grants	190,000	175,000
Capital contributions	617,902	87,559
Total revenues	4,505,319	3,504,246
Expenses:		
Administration	568,991	643,375
Tenant services	24,058	81,081
Utilities	170,629	174,657
Ordinary maintenance and repairs	948,096	969,712
Protective services	121,064	282,820
General expenses	625,245	593,248
Housing assistance payments	816,123	729,363
Developer fee costs	681,714	-
Depreciation and amortization	956,748	847,663
	4,912,668	4,321,919
Change in net assets	(407,349)	(817,673)
Beginning net assets	12,718,633	13,536,306
Ending net assets	\$ 12,311,284	\$ 12,718,633

Total revenues increased by \$1,001,073 due primarily to:

- Increase in capital contributions of \$530,343 due to increase in spending in the capital fund program.
- Increase in developer fee revenue of \$615,000 from the development of Eagle Point Development I Limited Partnership ("Eagle Point I") and Eagle Point Development III Limited Partnership ("Eagle Point III") low income housing tax credit projects.

Management's Discussion and Analysis (MD&A)

June 30, 2005

(Unaudited)

- Decrease in dwelling rental and other revenue of \$120,396 primarily due to the transfer of rental units from Riverwood Apartments to Eagle Point III.

Total expenses increased by \$590,749 due primarily to:

- Increase in housing assistance payments of \$76,402 from the Shelter + Care program, a new program operated by the Housing Authority.
- Increase in developer fee costs of \$681,714 from the development of Eagle Point I and Eagle Point III.
- Decrease in protective services of \$161,756 caused by a reduction in the rate charged by the security company for providing security for the Housing Authority's projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2005, the Housing Authority's investment in capital assets was \$ 9,206,964 (net of accumulated depreciation) as reflected in the following schedule. This amount represents a decrease (including additions, deductions, and depreciation) of \$677,917.

	2005	2004
Land	\$ 797,011	\$ 813,011
Buildings and improvements	20,009,621	20,317,543
Furniture and equipment	867,037	818,934
Construction in progress	673,261	182,980
Totals	<u>22,346,930</u>	<u>22,132,468</u>
Less accumulated depreciation	<u>(13,139,966)</u>	<u>(12,247,587)</u>
	<u>\$ 9,206,964</u>	<u>\$ 9,884,881</u>

Major capital asset purchases during the year ended June 30, 2005, included dwelling structure improvements and dwelling equipment. Significant decreases during the year ended June 30, 2005, included the transfer of 60 units in Riverwood Apartments to Eagle Point III.

Additional information on the Housing Authority's capital assets can be found in the notes to the financial statements.

Management's Discussion and Analysis (MD&A)

June 30, 2005

(Unaudited)

Debt

The Housing Authority's debt consists of accrued annual leave and a note payable to Christus Health. We present more detail about our debt in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The Budgets for 2005 - 2006 have already been approved by HUD and no major changes are expected.

The budgets under the Capital Fund Program are multiple year budgets and have remained relatively stable. The Housing Authority has approximately \$1,300,000 of approved funding available for future spending under the Capital Fund Program.

Future Events That Will Financially Impact the Housing Authority

The Housing Authority will continue its redevelopment of Riverwood Apartments (Business Activities) through the utilization of the three Eagle Pointe Development Limited Partnerships [Low Income Housing Tax Credit projects]. It is anticipated that Eagle Pointe III will be completed in late 2005 and that the next funded phase of 48 units will break ground in 2006. The relocation of tenants and demolition of vacated buildings is expected to decrease the annual rental income of the Housing Authority by 25%; however, a portion of the decrease in rental income will be absorbed through fees generated by management agreements between the Housing Authority and the Eagle Pointe projects.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Bossier City, 805 First Street East, Bossier City, LA 71171, or call (318) 549 -1556.

Basic Financial Statements

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2005

	SECTION 8 - NEW CONSTRUCTION					TOTAL COMPONENT UNITS			TOTAL COMPONENT UNITS	TOTAL
	GENERAL	CLOVERDALE	RIVERWOOD	PRIMARY GOVERNMENT	EAGLE POINTE I	EAGLE POINTE III	EAGLE POINTE III	UNITS		
ASSETS										
Current Assets:										
Cash and cash equivalents	\$ 119,001	\$ 105,530	\$ 4,494	\$ 229,025	\$ 87,601			\$ 87,601	\$ 316,626	
Investments	650,888		635,206	1,286,094					1,286,094	
Receivables (net of allowances for uncollectibles)	57,015	(2,392)	14,426	71,441	5,171			5,171	76,612	
Internal balances	2,339		53	-					-	
Due from component units	10,475		195,712	206,187					206,187	
Inventory	24,320			24,320					24,320	
Prepaid expenses	96,955		38,141	135,096					135,096	
Other assets	-			-					-	
Total Current Assets	<u>960,993</u>	<u>103,138</u>	<u>888,032</u>	<u>1,952,163</u>	<u>92,772</u>			<u>92,772</u>	<u>2,044,935</u>	
Restricted Assets:										
Cash and cash equivalents	-	-	28,861	28,861	102,250			102,250	131,111	
Investments	775,121		250,000	1,025,121					1,025,121	
Total Restricted Assets	<u>775,121</u>	<u>-</u>	<u>278,861</u>	<u>1,053,982</u>	<u>102,250</u>			<u>102,250</u>	<u>1,156,232</u>	
Noncurrent Assets:										
Due from component units	980,000			980,000					980,000	
Capital assets:										
Land	723,011		74,000	797,011	10,000		16,000	26,000	823,011	
Buildings and equipment (net of accumulated depreciation)	6,750,042		986,619	7,736,661	3,405,615		3,051,228	3,405,615	11,142,276	
Construction/Development-in-progress	690,816			690,816	169,178			169,178	3,742,044	
Other assets	-			-					169,178	
Total Non-Current Assets	<u>9,143,868</u>	<u>-</u>	<u>1,060,619</u>	<u>10,204,487</u>	<u>3,584,793</u>		<u>3,067,228</u>	<u>6,652,021</u>	<u>16,856,508</u>	
TOTAL ASSETS	<u>\$ 10,879,983</u>	<u>\$ 103,138</u>	<u>\$ 2,227,512</u>	<u>\$ 13,210,633</u>	<u>\$ 3,779,815</u>		<u>\$ 3,067,228</u>	<u>\$ 6,847,043</u>	<u>\$ 20,057,676</u>	

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2005

	SECTION 8 - NEW							
	GENERAL	CONSTRUCTION CLOVERDALE	RIVERWOOD	TOTAL PRIMARY GOVERNMENT	EAGLE POINTE I	EAGLE POINTE III	COMPONENT UNITS	TOTAL
LIABILITIES								
Current Liabilities:								
Accounts payable	74,425	20,508	\$ 33,145	\$ 107,570	\$ 5,946		\$ 5,946	\$ 113,516
Accounts payable - HUD	-	-	-	20,508	-	-	-	20,508
Accrued wages and payroll taxes	9,752	-	10,421	20,173	-	-	-	20,173
Contracts payable	41,524	-	-	41,524	69,285	97,522	166,807	41,524
Due to primary government	71,767	-	6,650	71,767	259	-	259	238,574
Deferred revenues	1,547	-	-	8,197	-	-	-	8,456
Due to other governments	41,366	-	-	41,366	23,329	1,752,390	1,775,719	41,366
Note payable	-	-	-	-	-	-	-	1,775,719
Accrued compensated absences - current portion	19,130	-	5,146	24,276	7,750	-	7,750	24,276
Other current liabilities	-	-	-	-	-	-	-	7,750
Total Current Liabilities	259,311	20,508	55,362	335,381	106,569	1,849,912	1,956,481	2,291,862
Current Liabilities Payable from restricted assets - tenant security deposits	54,425	-	27,039	81,464	10,000	-	10,000	91,464
Non Current Liabilities:								
Note payable	425,000	-	-	425,000	1,329,489	-	1,329,489	1,754,489
Due to primary government	-	-	-	-	615,000	365,000	980,000	980,000
Accrued compensated absences - net of current portion	45,497	-	12,007	57,504	21,114	-	-	57,504
Other noncurrent liabilities	-	-	-	-	-	-	21,114	21,114
Total Non-Current Liabilities	470,497	-	12,007	482,504	1,965,603	365,000	2,330,603	2,813,107
Total Liabilities	784,433	20,508	94,408	899,349	2,082,172	2,214,912	4,297,084	5,196,433
NET ASSETS								
Invested in capital assets, net of related debt	8,092,102	-	1,060,619	9,152,721	1,887,797	1,124,838	3,012,635	12,165,356
Restricted	295,696	-	-	295,696	-	-	-	295,696
Unrestricted	1,707,752	82,630	1,072,485	2,862,867	(190,154)	(272,522)	(462,676)	2,400,191
Total Net Assets	10,095,550	82,630	2,133,104	12,311,284	1,697,643	852,316	2,549,959	14,861,243
TOTAL LIABILITIES AND NET ASSETS	\$ 10,879,983	\$ 103,138	\$ 2,227,512	\$ 13,210,633	\$ 3,779,815	\$ 3,067,228	\$ 6,847,043	\$ 20,057,676

The accompanying notes are an integral part of this statement.

(CONCLUDED)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	SECTION 8 - NEW					COMPONENT UNITS			TOTAL
	GENERAL	CONSTRUCTION CLOVERDALE	RIVERWOOD	TOTAL PRIMARY GOVERNMENT	EAGLE POINTE I	EAGLE POINTE III	TOTAL COMPONENT UNITS		
OPERATING REVENUES									
Dwelling rental	\$ 520,545		\$ 769,229	\$ 1,289,774	\$ 78,663		\$ 78,663	\$ 1,368,437	
Other	37,458		33,892	71,349	6,701		6,701	78,050	
Total Operating Revenues	558,003	-	803,120	1,361,123	85,364	-	85,364	1,446,487	
OPERATING EXPENSES									
Administration	335,309	24,412	209,270	568,991	43,757		43,757	612,748	
Tenant services	9,485		14,572	24,058				24,058	
Utilities	107,069		63,559	170,629	7,162		7,162	177,791	
Ordinary maintenance and repairs	554,968		393,128	948,096	11,318		11,318	959,414	
Protective services	63,154		57,910	121,064				121,064	
General expenses	456,377	4,026	164,842	625,245	13,740		13,740	638,985	
Housing assistance payments	76,402	739,721		816,123				816,123	
Depreciation and amortization	883,615		73,133	956,748	42,431		42,431	999,179	
Total Operating Expenses	2,486,380	768,159	976,414	4,230,952	118,408	-	118,408	4,349,360	
OPERATING INCOME (LOSS)	(1,928,377)	(768,159)	(173,294)	(2,869,829)	(33,044)	-	(33,044)	(2,902,873)	
NONOPERATING REVENUES (EXPENSES)									
Interest earnings	29,278	2,471	13,751	45,501				45,501	
Interest expense	-			-				(54,408)	
Developer fee revenue	615,000			615,000				615,000	
Developer fee costs	(681,714)			(681,714)	(54,408)		(54,408)	(681,714)	
Gain (Loss) on disposition of capital assets	1,734		(265,991)	(265,991)				(265,991)	
AHP grant	190,000		100,493	102,227				102,227	
Federal grants	1,053,917	785,638		1,839,555				1,839,555	
Total Nonoperating Revenues (Expenses)	1,208,215	788,109	(151,746)	1,844,578	(54,408)	-	(54,408)	1,790,170	

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	SECTION 8 - NEW							COMPONENT UNITS			TOTAL
	GENERAL	CONSTRUCTION CLOVERDALE	RIVERWOOD	TOTAL PRIMARY GOVERNMENT	EAGLE POINTE I	EAGLE POINTE III	TOTAL COMPONENT UNITS				
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(720,162)	19,951	(325,040)	(1,025,251)	(87,452)	-	(87,452)				(1,112,703)
Capital contributions	617,902	-	-	617,902	1,181,732	852,316	2,034,048				2,651,950
Transfers	1,899	(1,899)	-	-	-	-	-				-
CHANGE IN NET ASSETS	(100,361)	18,052	(325,040)	(407,349)	1,094,280	852,316	1,946,596				1,539,247
TOTAL NET ASSETS - BEGINNING	10,195,911	64,578	2,458,144	12,718,633	603,363	-	603,363				13,321,996
TOTAL NET ASSETS - ENDING	\$ 10,095,550	\$ 82,630	\$ 2,133,104	\$ 12,311,284	\$ 1,697,643	\$ 852,316	\$ 2,549,959				\$ 14,861,243

(CONCLUDED)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	SECTION 8 -					COMPONENT UNITS			TOTAL
	GENERAL	NEW CONSTRUCTION CLOVERDALE	RIVERWOOD	TOTAL PRIMARY GOVERNMENT	EAGLE POINTE I	EAGLE POINTE III	TOTAL COMPONENT UNITS	TOTAL	
Cash Flows From Operating Activities									
Dwelling rent receipts	\$ 515,672	\$ -	\$ 758,055	\$ 1,273,727	\$ 83,751	\$ -	\$ 83,751	\$ 1,357,478	
Other receipts	31,983	-	33,892	65,875	6,701	-	6,701	72,576	
Payments to suppliers	(1,034,816)	(7,399)	(673,275)	(1,715,490)	(49,838)	-	(49,838)	(1,765,328)	
Payments to employees	(414,280)	(20,947)	(204,182)	(639,419)	(8,200)	-	(8,200)	(647,619)	
Housing assistance payments	(76,482)	(739,721)	-	(816,123)	-	-	-	(816,123)	
Net Cash Provided (Used) by Operating Activities	(977,833)	(768,067)	(85,510)	(1,831,430)	32,414	-	32,414	(1,799,016)	
Cash Flows From NonCapital Financing Activities									
Transfers from other funds	262,977	-	-	262,977	-	-	-	262,977	
Transfers to other funds	(261,078)	(1,899)	-	(262,977)	-	-	-	(262,977)	
Casualty income	9,645	-	101,975	111,620	-	-	-	111,620	
Casualty costs	(7,909)	-	(1,482)	(9,391)	-	-	-	(9,391)	
Developer fee costs	(681,714)	-	-	(681,714)	-	-	-	(681,714)	
Federal and AHP grants	1,243,917	728,537	-	1,972,454	-	-	-	1,972,454	
Net Cash Provided (Used) by Noncapital Financing Activities	565,838	726,638	100,493	1,392,969	-	-	-	1,392,969	
Cash Flows From Capital and Related Financing Activities									
Acquisition and construction of capital assets	(529,776)	-	(5,862)	(535,638)	(2,403,832)	(2,273,791)	(4,677,623)	(5,213,261)	
Proceeds from capital debt	425,000	-	-	425,000	1,352,818	1,752,390	3,105,208	3,510,208	
Interest paid on capital debt	-	-	-	-	(33,294)	-	(33,294)	(33,294)	
Payment of loan fees and syndication costs	-	-	-	-	(170,029)	-	(170,029)	(170,029)	
Net advances (to component unit)/from primary government	(182,248)	-	406,725	224,477	65,042	(314,915)	(249,873)	(25,396)	
Contributed capital	617,902	-	-	617,902	1,171,732	836,316	2,008,048	2,625,950	
Net Cash Provided (Used) by Capital and Related Financing Activities	330,878	-	400,863	731,741	(17,563)	-	(17,563)	714,178	
Cash Flows From Investing Activities									
(Increase) Decrease in investments	(365,815)	-	(433,874)	(799,689)	-	-	-	(799,689)	
Investments earnings	29,278	2,471	13,751	45,500	-	-	-	45,500	
Net Cash Provided (Used) by Investing Activities	(336,537)	2,471	(420,123)	(754,189)	-	-	-	(754,189)	
Net Increase (Decrease) in Cash and Cash Equivalents	(417,674)	(38,958)	(4,277)	(460,909)	14,851	-	14,851	(446,058)	
Cash and Cash Equivalents, Beginning of Year	536,675	144,488	37,632	718,795	175,000	-	175,000	893,795	
Cash and Cash Equivalents, End of Year	\$ 119,001	\$ 105,530	\$ 33,355	\$ 257,886	\$ 189,851	\$ -	\$ 189,851	\$ 447,737	

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
 STATEMENT OF CASH FLOWS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	SECTION 8 -					COMPONENT UNITS			TOTAL
	GENERAL	NEW CONSTRUCTION CLOVERDALE	RIVERWOOD	TOTAL PRIMARY GOVERNMENT	EAGLE POINTE I	EAGLE POINTE III	COMPONENT UNITS	TOTAL	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities									
Operating income (loss)	\$ (1,928,377)	\$ (768,159)	\$ (173,294)	\$ (2,869,830)	\$ (33,044)	\$ -	\$ (33,044)	\$ (2,902,874)	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:									
Depreciation and amortization expense	883,615	-	73,133	956,748	42,431	-	42,431	999,179	
Changes in assets and liabilities:									
(Increase) decrease in accounts receivable, net	(21,493)	-	(9,278)	(30,771)	(5,171)	-	(5,171)	(35,942)	
(Increase) decrease in due from other funds	(16,287)	-	(1,320)	(17,607)	-	-	-	(17,607)	
(Increase) decrease in inventories	5,460	-	-	5,460	-	-	-	5,460	
(Increase) decrease in prepaid items	11,715	-	9,241	20,956	-	-	-	20,956	
Increase (decrease) in accounts payable	23,180	-	8,488	31,668	17,939	-	17,939	49,607	
Increase (decrease) in accounts payable - HUD	-	-	-	-	-	-	-	-	
Increase (decrease) in accrued wages and payroll taxes	4,267	-	7,334	11,601	-	-	-	11,601	
Increase (decrease) in contracts payable	41,524	-	-	41,524	-	-	-	41,524	
Increase (decrease) in customer deposits	5,000	-	(5,944)	(944)	10,000	-	10,000	9,056	
Increase (decrease) in compensated absences	5,681	-	2,450	8,131	-	-	-	8,131	
Increase (decrease) in deferred revenues	(1,284)	-	4,048	2,764	259	-	259	3,023	
Increase (decrease) in due to other governments	397	-	-	397	-	-	-	397	
Increase (decrease) in due to other funds	8,749	92	(368)	8,473	-	-	-	8,473	
Total Adjustments	950,524	92	87,784	1,038,400	65,458	-	65,458	1,103,858	
Net Cash Provided by Operating Activities	\$ (977,853)	\$ (768,067)	\$ (85,510)	\$ (1,831,430)	\$ 32,414	\$ -	\$ 32,414	\$ (1,799,016)	

Schedule of Noncash Investing, Capital, and Financial Activities

Contributions of capital assets from primary government	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 16,000	\$ 26,000	\$ 52,000
Acquisition of capital assets through the incurrence of liabilities	\$ 20,298	\$ -	\$ -	\$ 20,298	\$ 440,000	\$ 175,000	\$ 615,000	\$ 1,250,298

(CONCLUDED)

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Housing Authority of the City of Bossier City, Louisiana (the "Housing Authority") was chartered as a public corporation for the purpose of providing safe and sanitary housing, as authorized by Louisiana Revised Statute 40:391. The Housing Authority is governed by a five-member board of commissioners, who are appointed by the Honorable Mayor of the City of Bossier City, Louisiana (the "City"). The members of the board of commissioners serve staggered five-year terms without benefit of compensation.

The Housing Authority has the following units:

	<u>Number of Units</u>
PHA Owned Housing	437
Section 8 - New Construction - Cloverdale	180
Non HUD Programs:	
Riverwood	211

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority of the City of Bossier City, Louisiana is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As defined by GASB Statement No. 14, fiscally independent means that the Housing Authority may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the City of Bossier City, Louisiana since the City appoints a voting majority of the Housing Authority's governing board. The City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Bossier

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

City, Louisiana. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Bossier City, Louisiana.

GASB Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose *specific financial burdens on the government*.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that the following component units should be considered as part of the Housing Authority reporting unit:

Eagle Pointe Development I Limited Partnership ("Eagle Pointe I"), Eagle Pointe Development II Limited Partnership ("Eagle Pointe II"), and Eagle Pointe Development III Limited Partnership ("Eagle Pointe III") are legally separate entities. The Managing General Partner of each partnership is Bossier Housing Corporation, Inc., a not-for-profit corporation. The Board of Directors of Bossier Housing Corporation, Inc. consists entirely of the Board of Commissioners of the Housing Authority, which provides the Housing Authority with a voting majority of the governing bodies of Eagle Pointe I, II, and III. In addition, there is the potential for Eagle Pointe I, II, and III to impose a financial burden on the Housing Authority. Based on the above, Eagle Pointe I, II, and III are considered to be component units of the Housing Authority.

The governing body of the Housing Authority is considered to have complete control over Bossier Housing Corporation and Eagle Pointe II but not complete control over Eagle Pointe I and III. As a result, Bossier Housing Corporation and Eagle Pointe II are included in the Housing Authority's financial statements as blended entities, and Eagle Pointe I and III are included in the Housing Authority's financial statements through discrete presentation. The financial position, changes in net assets, and cash flows of Eagle Pointe I are presented as of and for the year ended December 31, 2004.

The separate financial statements of Eagle Pointe Development I Limited Partnership can be obtained from the Housing Authority of the City of Bossier City, 805 First Street, Bossier City,

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

LA 71171. Bossier Housing Corporation, Eagle Pointe Development II Limited Partnership, and Eagle Pointe Development III Limited Partnership do not issue separate financial statements.

B. BASIS OF PRESENTATION AND FUNDS

The accounts of the Housing Authority are organized and operated on a fund basis whereby a self-balancing set of accounts, which comprise the Housing Authority's assets, liabilities, net assets, revenues, and expenses, is maintained. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. The general fund accounts for the transactions of the public housing low rent program, capital funds program, tenant assistance program, and the blended component unit. The other funds reported by the Housing Authority are the Section 8 - New Construction and Substantial Rehabilitation Program for which the Housing Authority is the contract administrator, and Riverwood Apartments, a market rate multi-family complex acquired by the Housing Authority from the United States Department of Housing and Urban Development in September 1995.

The Housing Authority's operating revenues include dwelling rentals, charges, and other revenues paid by the tenants of the Housing Authority's projects. Revenues that are not classified as operating revenues, including federal program revenues, are presented as nonoperating revenues or capital contributions depending on the purpose of the revenue.

The accompanying basic financial statements of the Housing Authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments* (the "Statement"), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

made, regardless of the measurement focus applied. The proprietary funds are accounted for on the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. With this measurement focus, all assets and all liabilities of the proprietary funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGET PRACTICES

The Housing Authority adopted budgets for all funds. Budgets for the Capital Funds Programs are multiple-year budgets.

HUD approves all budgets for all HUD-funded programs. Such budgets are controlled by fund at the function level. Budgetary amendments require approval of the board of commissioners and, in certain instances, HUD; however, the Executive Director is authorized to transfer amounts between line items within the low rent program provided such transfer does not change the total of any function. Monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

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

Formal budgetary integration is employed as a management control device during the year.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits having an original maturity of ninety days or less, and cash with the fiscal agent. Under state law, the Housing authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Housing Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

F. INVESTMENTS

Investments are limited by LSA-RS 33:2955 and the Housing Authority's investment policy. Financial instruments having original maturities exceeding ninety days are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

Investments are reported at either fair value or amortized cost in accordance with GASB Statement No. 31.

G. BAD DEBTS

Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

H. INTERNAL BALANCES

During the course of operations, numerous transactions occur between individual funds and programs for services rendered or for reimbursement of costs paid by one fund or program on behalf of another fund or program. These receivables and payables are eliminated at the primary government level in the balance sheet.

I. INVENTORY

All inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year-end, the amount of inventory is recorded for external financial reporting purposes.

J. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

K. TENANTS' REFUNDABLE SECURITY DEPOSITS

The Housing Authority requires tenants to place a deposit before moving into a unit. These deposits are considered restricted and are held until the tenant moves out.

L. CAPITAL ASSETS

Capital assets of the Housing Authority are included on the balance sheet of the enterprise fund and are recorded at actual cost. The capitalization threshold is \$500. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives as shown:

Buildings	40 years
Building and site improvements	15 years

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

Furniture and fixtures	5-10 years
Equipment	3-10 years

M. VACATION AND SICK LEAVE

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 the employee's retirement or termination date.

N. RESTRICTED NET ASSETS

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

O. RISK MANAGEMENT

The Housing Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Housing Authority maintains commercial insurance policies covering property, employee liability, and public official's liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2005.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with U. S. 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 amounts could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits are stated at cost, which approximates fair value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

At June 30, 2005, the Housing Authority's carrying amount of deposits was \$1,032,886, which includes the following:

Cash and cash equivalents - unrestricted	\$ 229,025
Cash and cash equivalents - restricted	28,861
Investments in certificate of deposit and investment certificates	<u>775,000</u>
Total	<u>\$ 1,032,886</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2005, the Housing Authority's bank balance totaled \$1,063,330. Of this amount, \$682,738 is uninsured and collateralized with securities held by the pledging bank.

At June 30, 2005, the Housing Authority held investments of \$1,536,215 in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana for the purpose of operating a local government investment pool. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. Also, LAMP's investment guidelines permit the investment in government-only money market funds and limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP is subject to the regulatory oversight of the State Treasurer and its board of directors. LAMP is not registered with the SEC as an investment company.

The carrying amount of the deposits for Eagle Pointe Development I Limited Partnership and Eagle Pointe Development III Limited Partnership, the Housing Authority's discretely presented component

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

units, were \$87,901 and \$-0-, respectively. The bank balances totaled \$189,850 and \$1,875 for Eagle Pointe I and Eagle Pointe II, respectively.

3. RESTRICTED ASSETS

Restricted assets at June 30, 2005, are as follows:

General:	
Investments - tenants' deposits	\$ 54,425
Investments - replacement reserve	295,696
Investments - collateral deposit	425,000
Riverwood:	
Investments - guaranty	250,000
Cash and cash equivalents - tenants' deposits	<u>28,861</u>
Total restricted assets	<u><u>\$ 1,053,982</u></u>

Eagle Pointe Development I Limited Partnership had a restricted bank account for an operating deficit reserve in the amount of \$102,250.

4. RECEIVABLES

The following is a summary of receivables, net of allowance for doubtful accounts, at June 30, 2005:

	<u>General</u>	<u>Riverwood</u>	<u>Total</u>
Tenants - rents and other charges	\$ 27,195	\$ 19,266	\$ 46,461
Other	-		\$ -
Federal and State Grants	<u>40,551</u>	<u>-</u>	<u>40,551</u>
Subtotal	67,746	19,266	87,012
Less allowance for doubtful accounts	<u>(10,732)</u>	<u>(6,042)</u>	<u>(16,774)</u>
Total	<u><u>\$ 57,014</u></u>	<u><u>\$ 13,224</u></u>	<u><u>\$ 70,238</u></u>

Eagle Pointe Development I Limited Partnership accounts receivable consisted of tenant rents and other charges totaling \$5,171.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

5. CAPITAL ASSETS

The following presents the changes in capital assets:

Primary Government

	Balance at July 1, 2004	<u>Additions</u>	<u>Deletions</u>	Balance at June 30, 2005
Land	\$ 813,011		\$ (16,000)	\$ 797,011
Buildings and improvements	20,317,543		(307,922)	20,009,621
Furniture and equipment	818,934	48,103		867,037
Construction in progress	182,980	490,281		673,261
Total	<u>22,132,468</u>	<u>538,384</u>	<u>(323,922)</u>	<u>22,346,930</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 11,609,647	887,835	(63,961)	12,433,521
Furniture and equipment	637,940	68,535		706,475
Total	<u>12,247,587</u>	<u>956,370</u>	<u>(63,961)</u>	<u>13,139,996</u>
Fixed assets, net	<u>\$ 9,884,881</u>	<u>(417,986)</u>	<u>(259,961)</u>	<u>9,206,934</u>

Discretely Presented Component Units

	Beginning Balances	<u>Additions</u>	<u>Deletions</u>	Ending Balances
Land	\$ 10,000	\$ 16,000	\$ -	\$ 26,000
Buildings and improvements	-	3,372,893	-	3,372,893
Furniture and equipment	-	74,302	-	74,302
Construction in progress	3,417,642	3,080,781	(3,447,195)	3,051,228
Total	<u>3,427,642</u>	<u>6,543,976</u>	<u>(3,447,195)</u>	<u>6,524,423</u>
Less accumulated depreciation:				
Buildings and improvements	\$ -	38,484	-	38,484
Furniture and equipment	-	3,096		3,096
Total	<u>-</u>	<u>41,580</u>	<u>-</u>	<u>41,580</u>
Fixed assets, net	<u>\$ 3,427,642</u>	<u>6,502,396</u>	<u>(3,447,195)</u>	<u>6,482,843</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

6. RETIREMENT SYSTEM

The employees of the Housing Authority of the City of Bossier City participate 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, full-time employees are eligible to participate in the plan on the first day of the month following completion of six months of continuous uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 6% of his basic compensation. The Housing Authority makes a monthly contribution equal to 8.5% of each participant's basic compensation. Employees are considered fully vested in the plan after five years of continuous participation. Forfeitures of Housing Authority's contributions and interest earnings by employees who leave before being fully vested are used to offset future contributions by the Housing Authority.

At June 30, 2005, 2004, and 2003, the Housing Authority's contributions to the plan totaled \$56,830, \$58,097, and \$61,879, respectively.

7. COMPENSATED ABSENCES

At June 30, 2005, employees of the Housing Authority had accumulated and vested \$81,780 of employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities within the fund from which payment will be made.

The cost of leave privileges, computed in accordance with the previous codification, is recognized as a current year expenditure within the various funds when leave is actually taken or when employees are paid for accrued annual leave upon resignation or retirement, while the cost of leave privileges not requiring current resources is considered a long-term obligation.

8. NOTES PAYABLE

Housing Authority

On January 14, 2005, the Housing Authority entered into a loan agreement with Christus Health in the amount of \$750,000. The loan serves as a "bridge loan", the proceeds of which are to be used in the development of Eagle Pointe III. As of June 30, 2005, the Housing Authority had borrowed \$425,000 on the loan. The loan bears interest at 2.00%. Quarterly payments of interest only are payable on the loan. The loan matures on December 31, 2007, at which time the unpaid principal balance and the accrued interest are due and payable. The loan is collateralized by an investment certificate equivalent to the outstanding balance on the loan. At June 30, 2005, an investment certificate in the amount of \$425,000 provided collateral for the loan.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

Discretely Presented Component Units

Eagle Pointe I Development Limited Partnership

First Mortgage

Construction financing was acquired through Home Federal Savings and Loan Association of Shreveport at an annual interest rate of 7.375%. The construction loan matured on July 1, 2004. At such time Home Federal Savings and Loan Association of Shreveport loaned \$842,818 to Eagle Pointe I for the purpose of paying the balance due on the construction loan. Under the terms of the loan, Eagle Pointe I will make monthly principal and interest payments of \$7,059 (7.375% per annum) until December 31, 2023, at which time the note matures and all unpaid balances on the note are due and payable. The balance due as of December 31, 2004, was \$842,818.

The Home Federal Savings and Loan Association of Shreveport loan is nonrecourse debt and is collateralized primarily by a first mortgage on Eagle Pointe I's land and buildings and an assignment of all rents and leases of Eagle Pointe I.

Second Mortgage

The Louisiana Housing Finance Agency (LHFA) has committed loan proceeds of \$510,000 to Eagle Pointe I. The loan bears interest at a rate of 5.34%, which accrues on the outstanding principal. Amortization of the note and payment of accrued interest will not begin until the earlier of, the first mortgage with Home Federal Savings and Loan Association of Shreveport is paid in full or April 1, 2023, (commencement of amortization) at which time, the note will be payable in monthly principal and interest installments. In addition to the monthly installment, the accrued interest from inception of the note through commencement of amortization will be payable in equal monthly installments through April 1, 2038, which is the date all unpaid sums under the note are due and payable. The loan also details that payments shall be made only out of and to the extent of the cash flow of Eagle Pointe I after payment of all operating expenses approved by the LHFA. As a condition to obtaining this financing, Eagle Pointe I has entered into a regulatory agreement with LHFA. Rentals to tenants of low income and restrictions of rents charged are two major conditions of the regulatory agreement. Should the LHFA issue a written notice to Eagle Pointe I of an instance of noncompliance with the regulatory agreement, Eagle Pointe I has thirty days from the issuance of such notice to correct the noncompliance. Should the noncompliance not be corrected within the thirty days, LHFA has the authority to declare the entire amount of mortgage immediately due and payable.

Third Mortgage

Eagle Pointe Development I Limited Partnership entered into a loan agreement with the Housing Authority of the City of Bossier City on November 5, 2003 in the amount of \$175,000. The loan bears interest at a rate of 5.00%, which accrues on the outstanding principal. Amortization of the note and

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

payment of accrued interest shall be made only after payment of all of Eagle Pointe I's operating expenses, the funding of adequate reserves, and the payment of any payments due or outstanding under any Construction or Permanent Financing from an institutional lender and as set forth in Eagle Pointe I's Limited Partnership Agreement. The entire balance of principal and all accrued and unpaid interest shall be due and payable on December 31, 2043. The note payable is reported in the balance sheet in noncurrent liabilities in due to primary government.

Maturities of Long-Term Debt

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2005	\$ 23,329
2006	\$ 25,109
2007	\$ 27,025
2008	\$ 29,087
2009	\$ 31,306
Thereafter	\$1,391,962

Eagle Pointe III Development Limited Partnership

Eagle Pointe Development III Limited Partnership has entered into a construction loan agreement in the amount of \$3,118,643 with Bank One, NA for the purpose of funding a portion of the construction of Eagle Pointe III. Interest is payable monthly on the loan at the LIBOR Rate, plus 2.50%. The loan matures on the earliest to occur of (i) December 17, 2006, (ii) the expiration, termination, or cancellation of the Permanent Loan Commitment, or (iii) the occurrence of an event of default. The loan is collateralized primarily by real estate and its improvements, equipment, and assignment of leases and rents.

Eagle Pointe Development III Limited Partnership entered into a loan agreement with the Housing Authority of the City of Bossier City on December 17, 2004, in the amount of \$190,000. The loan bears interest at a rate of 5.00%, which accrues on the outstanding principal. Amortization of the note and payment of accrued interest shall be made only after payment of all of Eagle Pointe III's operating expenses, the funding of adequate reserves, and the payment of any payments due or outstanding under any Construction or Permanent Financing from an institutional lender and as set forth in Eagle Pointe III's Partnership Agreement. The entire balance of principal and all accrued and unpaid interest shall be due and payable on December 31, 2044. The note payable is reported in the balance sheet in noncurrent liabilities in due to primary government.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

9. LONG-TERM OBLIGATIONS

Long-term obligations of the Housing Authority (primary government) consist of compensated absences in the amount of \$57,504 and the note payable to Christus Health in the amount of \$425,000. The following is a summary of the change in long-term obligations for the year ended June 30, 2005:

Balance at July 1, 2004	\$ 73,646
Additions	438,815
Retirements	<u>(5,681)</u>
Balance at June 30, 2005	506,780
Less current portion of long-term obligations	<u>(24,276)</u>
Long-term obligations	<u>\$ 482,504</u>

**10. DUE FROM COMPONENT UNITS/
DUE TO PRIMARY GOVERNMENT**

During the year ended June 30, 2005, the advances from Riverwood Apartments (Business Activities) to the three Eagle Pointe partnerships had a net decrease of \$406,725. Eagle Pointe was organized by the Housing Authority for the purpose of acquiring and rehabilitating Riverwood Apartments in accordance with the Low-Income Housing Tax Credit program. The funds advanced to Eagle Pointe were derived from non-federal sources and were utilized for the payment of development costs incurred by Eagle Pointe. Eagle Pointe owed Riverwood Apartments \$195,712 at June 30, 2005.

The Housing Authority is the managing agent for the Eagle Pointe I. The Housing Authority receives management fees at a rate of 5.00% of the total monthly income of Eagle Pointe I. As of June 30, 2005, accrued management fees and management fee income totaled \$10,475.

During the year ended June 30, 2005, the Housing Authority earned developer fees from Eagle Pointe I and Eagle Pointe III in the amounts of \$440,000 and \$175,000, respectively. These amounts were payable to the Housing Authority at June 30, 2005.

The difference in the amounts of the due from component units and the due to primary government, as reflected in the balance sheet, is attributable to the reporting the financial position, changes in net assets, and cash flows of Eagle Pointe I as of and for the year ended December 31, 2004.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

11. LITIGATION AND CLAIMS

At June 30, 2005, the Housing Authority is not involved in any known pending or threatened litigation, nor is it aware of any unasserted claims.

12. COMMITMENTS AND CONTINGENCIES

The Housing Authority operates in accordance with the requirements of two Annual Contribution Contracts. The Housing Authority's noncompliance with such contracts may result in a reduction of funding from HUD.

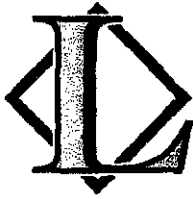
The Housing Authority has certain major construction projects in progress at June 30, 2005, that are funded by HUD. Funds are requested periodically as the costs are incurred.

The Housing Authority participates in a number of federal grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

The Housing Authority has entered into a Guaranty of Obligations of Entity General Partners (the "Guaranty") with respect to Eagle Pointe Development I Limited Partnership and Eagle Pointe III Limited Partnership. Under the terms of each Guaranty, the Housing Authority unconditionally guarantees the due payment, performance, and fulfillment to Eagle Pointe I and Eagle Pointe III, their limited partners, and specified affiliates of the limited partners, certain guaranteed obligations of Bossier Housing Corporation. Such obligations shall be the payment and performance of each and every guaranteed obligation of the Bossier Housing Corporation arising under the Amended and Restated Agreement of Limited Partnership and under the General Partner Closing Certificate of each partnership. Each Guaranty includes all the assets of the Housing Authority now owned or hereafter acquired, except for: (i) the property of the Housing Authority located at 805 First Street East, Bossier City, Louisiana, (ii) the property and funds controlled by the Consolidated Annual Contributions Contract No. FW 1144, including amendments, (the "ACC"), and (iii) the funds received by the Housing Authority as proceeds directly pursuant to the ACC. Each Guaranty will remain in force until all of the guaranteed obligations of the Bossier Housing Corporation have expired or been fully performed in accordance with each partnership's Amended and Restated Agreement of Limited Partnership.

**Independent Auditors' Report Required
by *Government Auditing Standards***

The following independent Auditors' report on compliance with laws and regulations and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited the financial statements of the Housing Authority of the City of Bossier City as of and for the year ended June 30, 2005, and have issued our report thereon dated October 28, 2005. We conducted our audit in accordance with U.S. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Bossier City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

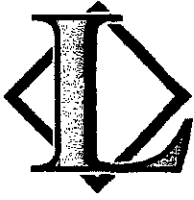
As part of obtaining reasonable assurance about whether the Housing Authority of the City of Bossier City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of commissioners and the management of the Housing Authority of the City of Bossier City, federal awarding agencies, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little + Associates, LLC

Monroe, Louisiana
October 28, 2005



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Report on Compliance With requirements Applicable to
Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

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

Compliance

We have audited the compliance of Housing Authority of the City of Bossier City 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, 2005. The Housing Authority of the City of Bossier City's major federal programs are identified in the summary of auditors' 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 of the City of Bossier City's management. Our responsibility is to express an opinion on the Housing Authority of the City of Bossier City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 of the City of Bossier City'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 of the Housing Authority of the City of Bossier City's compliance with those requirements.

In our opinion, the Housing Authority of the City of Bossier City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of

noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2005-01.

Internal Control Over Compliance

The management of the Housing Authority of the City of Bossier City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of Bossier City'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 the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. 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 judgment, could adversely affect the Housing Authority of the City of Bossier City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005-01.

A material weakness is a reportable 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 caused by error or fraud 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 that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the board of commissioners and the management of the Housing Authority of the City of Bossier City, federal awarding agencies, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little + Associates, LLC

Monroe, Louisiana
October 28, 2005

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

Financial Statement Audit

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Housing Authority of the City of Bossier City, Louisiana.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material, as defined by *Government Auditing Standards*, to the financial statements of the Housing Authority of the City of Bossier City, Louisiana were disclosed during the audit.

Audit of Federal Awards

5. One reportable condition relating to the audit of the major federal award programs is reported in the Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
4. The auditors' report on compliance for the major federal award programs for the Housing Authority of the City of Bossier City, Louisiana expresses an unqualified opinion on all major programs.
5. There is an audit finding that is required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. The programs tested as major programs included:

CFDA #14.850	Public and Indian Housing
CFDA #14.872	Public Housing Capital Fund
7. The threshold used for distinguishing Type A and B programs was \$300,000.
8. The Housing Authority of the City of Bossier City, Louisiana qualifies as a low-risk auditee.

Schedule 1 (Continued)

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

Public Housing Capital Fund - CFDA #14.872

Finding 2005-01

Condition and Criteria: The objective of the Capital Fund Program (CFP) is to make assistance available to public housing agencies to carry out capital and management improvements. During the year ended June 30, 2005, the Housing Authority expended CFP 502-03 funds for ordinary and routine repairs and maintenance in the amount of \$40,965. The HUD-approved budget for its CFP 502-03 included funding for the Housing Authority to make management improvements and structural renovations to its existing housing projects; however, the budget did not include a provision for expenditures for ordinary and routine repairs and maintenance.

Questioned Costs: \$40,965

Context: The Housing Authority expends funds under several Capital Fund Program grants. The total amount expended for the year ended June 30, 2005, by the Housing Authority under all of its Capital Fund Program grants was \$1,008,851. The questioned costs were isolated to Capital Fund Program 502-03.

Effect: *Needed structural improvements and management improvements may not be made timely due to a lack of available funds.*

Cause: Unknown

Recommendation: The Housing Authority should expend CFP funds in accordance with the provisions of each HUD-approved CFP budget. In addition, if the Housing Authority is considering expending CFP funds for non-budgeted expenditures, the Housing Authority should obtain a HUD-approved revised CFP budget prior to expending the funds.

**HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2005**

The status of the prior year audit findings are summarized as follows:

Finding 2005-01

Condition: The testing of tenant files detected tenant income miscalculations and third party verifications dated more than ninety days prior to the certification/recertification dates or dated subsequent to the recertification date

Status: Resolved.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Corrective Action Plan
For the Year Ended June 30, 2005

Our corrective action plan is as follows:

Finding 2005-01

Condition Found: Capital Fund Program 502-03 funds were expended for ordinary and routine repairs and maintenance. The HUD-approved budget for CFP 502-03 did not include a provision for expenditures for ordinary and routine repairs and maintenance.

Views of Responsible Officials: While the Housing Authority is in agreement with the auditors' finding, the Housing Authority would like to point out that the routine repair and maintenance expenditures were made in good faith. In 2004, the Housing Authority had an independent company perform an inspection of its low rent housing units for the purpose of determining the nature of the repairs needed for the units in order to maintain quality housing for our tenants. The Housing Authority expended a portion of the CFP 502-03 funds included in the questioned costs for repairs detailed in the inspection report. However, the Housing Authority acknowledges that some of the expenditures from the CFP 502-03 funds were for routine repairs and maintenance that were not included in the inspection report.

Corrective Action Planned: If the Housing Authority is considering expending CFP funds for non-budgeted expenditures, the Housing Authority will submit a revised CFP budget to HUD and will obtain HUD's approval prior to expending the funds. Otherwise, the Housing Authority will expend its CFP funds in accordance with the provisions of each HUD-approved CFP budget.

Person Responsible for Corrective Action:

Mr. Bill Hensley, Executive Director
Housing Authority of the City of Bossier City
805 First Street East
Bossier City, Louisiana 71171
Telephone: (318) 549-1556, Ext. 13
Fax: (318) 549-3810

Supplemental Information

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2005

The members of the Board of Commissioners serve a staggered five-year term without compensation. The Board consists of the following members at June 30, 2005:

Ms. Vita M. Gregorio
414 Highland Drive
Bossier City, LA 71112
(318) 747-0671

Mr. Joseph Littlejohn
100 Robert E. Lee Place
Bossier City, LA 71111
(318) 227-5030

Mr. Charles Maxie
Vice-Chairperson
1403 Gibson Circle
Bossier City, LA 71112
(318) 741-3138

Ms. Clara M. Taylor
Chairperson
1773 Southview Drive
Bossier City, LA 71111
(318) 747-0369

Mr. Francisco (Frank) Vela
3635 Green Acres Place, #352
Bossier City, LA 71111
(318) 752-4912

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Public and Indian Housing	14.850		\$ 580,455
Section 8 New Construction and Substantial Rehabilitation	14.182		785,638
Public Housing Capital Fund	14.872		1,008,850
Shelter Plus Care	14.238		<u>82,514</u>
Total U.S. Department of Housing and Urban Development - Direct Programs			<u>2,457,457</u>
Total Expenditures of Federal Awards			<u>\$ 2,457,457</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's basic financial statements.

2. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

General:	
Operating Subsidy	\$ 580,455
Capital Fund Program	1,008,850
Shelter Plus Care	82,514
Section 8 - New Construction - Cloverdale	<u>785,638</u>
Total	<u>\$2,457,457</u>

4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with U. S. generally accepted accounting principles.

5. FEDERAL AWARDS

In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Statement of Comprehensive Grant Cost Certificate
For the Year Ended June 30, 2005

PHA OWNED HOUSING (ACC FW 1144)

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

	Grant LA-48-RO42- 501-04
Funds Approved	\$97,778
Funds Expended	<u>97,778</u>
Excess of Funds Approved	<u>NONE</u>
Funds Advanced	\$97,778
Funds Expended	<u>97,778</u>
Excess of Funds Advanced	<u>NONE</u>

2. The distribution of costs as shown on the Actual Comprehensive Grant Certificate dated June 1, 2005, 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 charged through payment.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2005

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund	New Constr. & Substantial Rehab -Section 8- Cloverdale	Business Activities - Riverwood	Shelter + Care	Component Units	Totals
ASSETS:								
CURRENT ASSETS:								
Cash:								
111	Cash - unrestricted	\$ 119,001	\$ -	\$ 105,530	\$ 4,493	\$ -	\$ 87,601	\$ 316,625
113	Cash - other restricted	-	-	-	28,861	-	102,250	102,250
114	Cash - tenant security deposits	-	-	-	33,354	-	-	28,861
100	Total Cash	119,001	-	105,530	62,648	-	189,851	447,736
Accounts and notes receivable:								
122	Accounts receivable - HUD other projects	-	31,420	-	-	9,132	-	40,552
124	Accounts receivable - other government	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	-
126	Accounts receivable - tenants - dwelling rents	17,916	-	-	19,266	-	5,171	42,353
126	Allowance for doubtful accounts - dwelling rents	(10,731)	-	-	(4,839)	-	-	(15,570)
128	Fraud recovery	9,278	-	-	-	-	-	9,278
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	16,463	31,420	-	14,427	9,132	5,171	76,613
Current investments:								
131	Investments - unrestricted	1,130,313	-	-	635,206	-	-	1,765,519
132	Investments - restricted	295,696	-	-	250,000	-	-	545,696
142	Prepaid expenses and other assets	96,953	-	-	38,141	-	-	135,094
143	Inventories	24,320	-	-	-	-	-	24,320
144	Interprogram - due from	1,034,687	-	-	197,032	-	-	1,231,719
150	TOTAL CURRENT ASSETS	2,717,433	31,420	105,530	1,168,160	9,132	195,022	4,226,697

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2005

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund	New Constr. & Substantial Rehab -Section &-Cloverdale	Business Activities - Riverwood	Shelter + Care	Component Units	Totals
NONCURRENT ASSETS:								
Fixed assets:								
161	Land	723,011	-	-	74,000	-	26,000	823,011
162	Buildings	16,916,024	-	-	1,261,637	-	3,208,649	21,386,310
163	Furniture, equipment & machinery - dwellings	254,730	36,049	-	-	-	152,951	443,730
164	Furniture, equipment & machinery - administration	476,432	14,530	-	83,293	-	-	576,255
165	Leasehold improvements	1,831,960	-	-	-	-	85,595	1,917,555
166	Accumulated depreciation	(12,765,426)	(14,257)	-	(360,311)	-	(41,580)	(13,181,574)
167	Construction in progress	-	619,049	-	-	-	3,122,995	3,742,044
160	Total fixed assets, net of accumulated depreciation	7,436,731	655,371	-	1,060,619	-	6,554,610	15,707,331
174	Other noncurrent assets:	-	-	-	-	-	169,178	169,178
	Other assets	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	7,436,731	655,371	-	1,060,619	-	6,723,788	15,876,509
190	TOTAL ASSETS	\$ 10,154,164	\$ 686,791	\$ 105,530	\$ 2,228,779	\$ 9,132	\$ 6,918,810	\$ 20,103,206

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2005

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund	New Constr. & Substantial Rehab -Section 8- Cloverdale	Business Activities - Riverwood	Shelter + Care	Component Units	Totals
LIABILITIES AND NET ASSETS:								
LIABILITIES:								
Current liabilities:								
312	Accounts payable <=90 days	\$ 115,947	\$ -	\$ -	\$ 33,145	\$ -	\$ 5,946	\$ 155,038
321	Accrued wages/payroll taxes payable	9,752	-	-	10,421	-	-	20,173
322	Accrued compensated absences - current portion	19,130	-	-	5,146	-	-	24,276
325	Accrued interest payable	-	-	-	-	-	21,114	21,114
331	Accounts payable - HUD PHIA programs	-	-	20,508	-	-	-	20,508
333	Accounts payable - other government	41,366	-	-	-	-	-	41,366
341	Tenant security deposits	54,425	-	-	27,039	-	10,000	91,464
342	Deferred revenues	1,547	-	-	6,650	-	259	8,456
343	Current portion of long-term debt - capital projects/ mortgage revenue bonds	-	-	-	-	-	1,775,719	1,775,719
345	Other current liabilities	-	-	-	-	-	7,750	7,750
347	Interprogram - due to	1,320	31,420	2,392	1,267	9,132	1,218,574	1,264,105
310	TOTAL CURRENT LIABILITIES	243,487	31,420	22,900	83,668	9,132	3,039,362	3,429,969
Noncurrent liabilities:								
351	Long-term debt, net of current - capital projects/ mortgage revenue bonds	425,000	-	-	-	-	1,329,489	1,754,489
354	Accrued compensated absences - non-current	45,498	-	-	12,007	-	-	57,505
350	TOTAL NONCURRENT LIABILITIES	470,498	-	-	12,007	-	1,329,489	1,811,994
300	TOTAL LIABILITIES	713,985	31,420	22,900	95,675	9,132	4,368,851	5,241,963
NET ASSETS:								
508.1	Invested in capital assets, net of related debt	7,436,731	655,371	-	1,060,619	-	3,012,635	12,165,356
511.1	Restricted net assets	295,696	-	-	-	-	-	295,696
512.1	Unrestricted net assets	1,707,752	-	82,630	1,072,485	-	(462,676)	2,400,191
513	TOTAL NET ASSETS	9,440,179	655,371	82,630	2,133,104	-	2,549,959	14,861,243
600	TOTAL LIABILITIES AND NET ASSETS	\$ 10,154,164	\$ 686,791	\$ 105,530	\$ 2,228,779	\$ 9,132	\$ 6,918,810	\$ 20,103,206

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2005

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Programs	New Constr. & Substantial Rehab -Section 8-Cloverdale	Business Activities - Riverwood	Shelter + Care	Component Units	Totals
REVENUE:								
703	Net tenant rental revenue	\$ 520,545	\$ -	\$ -	\$ 769,228	\$ -	\$ 78,663	\$ 1,368,436
704	Tenant revenue - other	11,102	-	-	25,033	-	4,397	40,532
705	Total tenant revenue	531,647	-	-	794,261	-	83,060	1,408,968
706	HUD PHA operating grants	580,455	390,948	785,638	-	82,514	-	1,839,555
706.1	Capital grants	-	617,902	-	-	-	-	617,902
708	Other government grants	-	-	-	-	-	-	-
711	Investment income-unrestricted	21,186	-	2,471	8,458	-	-	32,115
714	Fraud recovery	-	-	-	-	-	-	-
715	Other revenue	840,999	-	-	110,833	-	2,304	954,136
716	Gain/loss on sale of fixed assets	-	-	-	(265,991)	-	-	(265,991)
720	Investment income - restricted	8,092	-	-	5,293	-	-	13,385
700	TOTAL REVENUE	1,982,379	1,008,850	788,109	652,854	82,514	85,364	4,600,070
EXPENSES:								
Administrative								
911	Administrative salaries	241,122	-	21,039	149,596	-	8,200	419,957
912	Auditing fees	10,000	1,500	2,500	4,000	-	1,100	19,100
914	Compensated absences	5,683	-	-	-	-	-	5,683
915	Employee benefit contributions - administrative	82,393	-	3,372	59,675	-	-	145,440
916	Other operating - administrative	124,899	119,987	1,525	73,855	6,112	14,902	341,280
	Subtotal	464,097	121,487	28,436	287,126	6,112	24,202	931,460
Tenant services								
922	Relocation costs	-	2,043	-	-	-	-	2,043
924	Tenant services - other	9,485	-	-	14,572	-	-	24,057
	Subtotal	9,485	2,043	-	14,572	-	-	26,100
Utilities								
931	Water	74,420	-	-	34,028	-	3,200	111,648
932	Electricity	28,019	-	-	27,715	-	2,698	58,432
933	Gas	4,630	-	-	1,817	-	-	6,447
	Subtotal	107,069	-	-	63,560	-	5,898	176,527

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2005

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Programs	New Constr. & Substantial Rehab -Section 8- Cloverdale	Business Activities - Riverwood	Shelter + Care	Component Units	Totals
Ordinary maintenance & operation								
941	Ordinary maintenance and operations - labor	171,322	-	-	64,371	-	-	235,693
942	Ordinary maintenance and operations - materials & other	122,196	40,965	-	122,685	-	62	285,908
943	Ordinary maintenance and operations - contract costs	160,856	-	-	203,877	-	5,248	369,981
945	Employee benefit contributions - ordinary maintenance	59,629	-	-	25,486	-	-	85,115
	Subtotal	514,003	40,965	-	416,419	-	5,310	976,697
Protective services								
952	Protective services - other contract costs	-	63,153	-	57,910	-	4,915	125,978
	Subtotal	-	63,153	-	57,910	-	4,915	125,978
General expenses								
961	Insurance premiums	146,829	-	-	58,993	-	19,113	224,935
962	Other general expenses	682,094	-	-	-	-	17,390	699,484
963	Payments in lieu of taxes	41,366	-	-	-	-	-	41,366
964	Bad debts - tenant rents	9,753	-	-	4,708	-	-	14,461
967	Interest expense	-	-	-	-	-	54,408	54,408
	Subtotal	880,042	-	-	63,701	-	90,911	1,034,654
969	TOTAL OPERATING EXPENSES	1,974,696	227,648	28,436	903,288	6,112	131,236	3,271,416
EXCESS OPERATING REVENUE OVER OPERATING EXPENSES								
970		7,683	781,202	759,673	(250,434)	76,402	(45,872)	1,328,654
Casualty losses - non-capitalized								
972		7,909	-	-	1,482	-	-	9,391
973	Housing assistance payments	-	-	739,721	-	76,402	-	816,123
974	Depreciation expense	874,483	8,754	-	73,124	-	41,580	997,941
975	Fraud losses	-	-	-	-	-	-	-
900	TOTAL EXPENSES	2,857,088	236,402	768,157	977,894	82,514	172,816	5,094,871

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
For the Year Ended June 30, 2005

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Programs	New Constr. & Substantial Rehab -Section 8- Cloverdale	Business Activities - Riverwood	Shelter + Care	Component Units	Totals
1001	Operating transfers in	262,978	-	-	-	-	-	262,978
1002	Operating transfers out	-	(261,078)	(1,900)	-	-	-	(262,978)
1010	TOTAL OTHER FINANCING SOURCES (USES)	262,978	(261,078)	(1,900)	-	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	\$ (611,731)	\$ 511,370	\$ 18,052	\$ (325,040)	\$ -	\$ (87,452)	\$ (494,801)
1101	Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,034,048	\$ 2,034,048
1103	Beginning equity	\$ 8,953,544	\$ 1,067,367	\$ 64,578	\$ 2,458,144	\$ -	\$ 778,363	\$ 13,321,996
1104	Prior period adjustments, equity transfers, and correction of errors	\$ 1,098,366	\$ (923,366)	\$ -	\$ -	\$ -	\$ (175,000)	\$ -
1114	Maximum Annual Contributions Commitment (Per Acc)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1115	Contingency reserve, ACC program reserve	\$ -	\$ -	\$ 1,168,422	\$ -	\$ -	\$ -	\$ 1,168,422
1116	Total annual contributions available	\$ -	\$ -	\$ 1,168,422	\$ -	\$ -	\$ -	\$ 1,168,422
1120	Unit months available	5,244	-	2,160	2,657	-	-	10,061
1121	Number of unit months leased	4,982	-	2,125	2,631	-	-	9,738