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**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

Financial Statements and Supplemental Financial Information
Year Ended June 30, 1999
with
Reports of Certified Public Accountants
on Financial and Compliance Examination

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 15 1999

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

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FINANCIAL SECTION

Independent Auditors' Report

Board of Commissioners
Housing Authority of the Town of Kaplan
P.O. Box 246
Kaplan, LA 70548

We have audited the accompanying general purpose financial statements of Housing Authority of the Town of Kaplan as of June 30, 1999, and for the year then ended, as listed in the table of contents. These general purpose financial statements, the schedule of expenditures of federal awards, and the supplemental financial information - statutory basis referred to below are the responsibility of the authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the Town of Kaplan as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 5, 1999 on our consideration of Housing Authority of the Town of Kaplan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

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

November 5, 1999

VanRheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1999**

	<u>Governmental Fund Types</u>		<u>Account Groups</u>		<u>Memo Totals 1999</u>	<u>Memo Totals 1998</u>
	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>General Fixed Assets</u>	<u>General Long-term Debt</u>		
Assets and Other Debits						
Assets:						
Cash	\$ 67,343.63	\$ -	\$ -	\$ -	\$ 67,343.63	\$ 63,386.44
Investments	60,000.00	-	-	-	60,000.00	60,000.00
Receivables:						
Accounts	2.29	-	-	-	2.29	261.72
Other governments	-	120.00	-	-	120.00	14,748.47
Other	-	-	-	-	-	2,205.00
Due from other funds	120.00	-	-	-	120.00	14,748.47
Inventories (FIFO cost)	1,444.18	-	-	-	1,444.18	-
Prepaid items	17,305.70	-	-	-	17,305.70	15,654.59
Fixed assets	-	-	4,538,364.10	-	4,538,364.10	4,207,182.45
Other debits:						
Amount to be provided for retirement of general long term debt	-	-	-	10,213.99	10,213.99	6,917.81
Total Assets and Other Debits	\$ 146,215.80	\$ 120.00	\$ 4,538,364.10	\$ 10,213.99	\$ 4,694,913.89	\$ 4,385,104.95
Liabilities, Equity, and Other Credits						
Liabilities:						
Accounts payable:						
Trade	\$ 8,196.21	\$ -	\$ -	\$ -	\$ 8,196.21	\$ 24,232.31
Security deposits	7,025.00	-	-	-	7,025.00	6,775.00
Due to other funds	-	120.00	-	-	120.00	14,748.47
Accrued PILOT	3,486.15	-	-	-	3,486.15	3,645.88
Deferred revenue	1,246.90	-	-	-	1,246.90	-
Fixed liabilities	-	-	-	10,213.99	10,213.99	6,917.81
Total liabilities	19,954.26	120.00	-	10,213.99	30,288.25	56,319.47
Equity and Other Credits:						
Investment in general fixed assets	-	-	4,538,364.10	-	4,538,364.10	4,207,182.45
Fund balances:						
Reserved for prepaids	16,319.70	-	-	-	16,319.70	14,787.09
Reserved for inventories	1,444.18	-	-	-	1,444.18	-
Unreserved, undesignated	108,497.66	-	-	-	108,497.66	106,815.94
Total Equity and Other Credits	126,261.54	-	4,538,364.10	-	4,664,625.64	4,328,785.48
Total Liabilities, Equity and Other Credits	\$ 146,215.80	\$ 120.00	\$ 4,538,364.10	\$ 10,213.99	\$ 4,694,913.89	\$ 4,385,104.95

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

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Year Ended June 30, 1999**

	<u>Governmental Fund Types</u>		<u>Memo Totals 1999</u>	<u>Memo Totals 1998</u>
	<u>Special Revenue</u>	<u>Capital Projects</u>		
Revenues:				
Rents	\$ 130,944.68	\$ -	\$ 130,944.68	\$ 132,143.62
Charges for services	56,155.62	-	56,155.62	49,678.57
Operational subsidies/grants	83,981.00	352,932.63	436,913.63	332,194.80
Interest	3,431.06	-	3,431.06	3,933.19
Miscellaneous	-	-	-	37,628.00
Total Revenues	<u>274,512.36</u>	<u>352,932.63</u>	<u>627,444.99</u>	<u>555,578.18</u>
Expenditures				
Current:				
Housing operations				
Administration	51,806.87	-	51,806.87	51,340.07
Utilities	92,224.67	-	92,224.67	101,933.54
Ordinary maintenance and operations	50,395.92	-	50,395.92	56,411.74
General expense	66,872.55	-	66,872.55	59,722.49
Capital outlay	8,553.84	352,932.63	361,486.47	261,867.08
Total Expenditures	<u>269,853.85</u>	<u>352,932.63</u>	<u>622,786.48</u>	<u>531,274.92</u>
Excess of Revenues over (under) Expenditures	4,658.51	-	4,658.51	24,303.26
Fund balances, beginning of period	<u>121,603.03</u>	<u>-</u>	<u>121,603.03</u>	<u>97,299.77</u>
Fund Balance, end of period	<u>\$ 126,261.54</u>	<u>\$ -</u>	<u>\$ 126,261.54</u>	<u>\$ 121,603.03</u>

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

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types
Year Ended June 30, 1999**

	Special Revenue Funds		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
<i>Rents</i>	\$ 133,970.00	\$ 130,944.68	\$ (3,025.32)
Charges for services	45,030.00	56,155.62	11,125.62
Operational subsidies/grants	76,314.00	83,981.00	7,667.00
Interest	4,000.00	3,431.06	(568.94)
	<u>259,314.00</u>	<u>274,512.36</u>	<u>15,198.36</u>
Total Revenues			
Expenditures			
Current:			
Administrative salaries	37,250.00	36,777.50	472.50
Professional fees	7,130.00	4,352.50	2,777.50
Travel	1,800.00	1,347.18	452.82
Sundry administration	6,100.00	9,329.69	(3,229.69)
Utilities	90,060.00	92,224.67	(2,164.67)
Maintenance salaries	21,040.00	20,756.62	283.38
Maintenance materials	15,000.00	11,837.38	3,162.62
Other maintenance costs	21,000.00	17,801.92	3,198.08
Insurance	31,030.00	25,562.39	5,467.61
PILOT	7,160.00	8,509.96	(1,349.96)
Employee benefits	25,500.00	26,900.95	(1,400.95)
Collection losses	1,340.00	830.00	510.00
Miscellaneous	-	5,069.25	(5,069.25)
Capital expenditures	6,040.00	8,553.84	(2,513.84)
	<u>270,450.00</u>	<u>269,853.85</u>	<u>596.15</u>
Total Expenditures			
Excess of Revenues over (under) Expenditures	<u>\$ (11,136.00)</u>	4,658.51	<u>\$ 15,794.51</u>
Fund balances, beginning of period		<u>121,603.03</u>	
Fund Balance, end of period		<u>\$ 126,261.54</u>	

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

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Notes to the Financial Statements
June 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction.

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

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

The following is a summary of significant accounting policies:

A. Reporting Entity.

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

B. Basis of Presentation.

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

Governmental Fund Types

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

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

Account Groups

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

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

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C. Basis of Accounting.

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

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

The entity does not utilize encumbrance accounting.

2. **Supplemental Financial Information - Statutory Basis.** The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:
 - a. Governmental fund accounting principles are not utilized.
 - b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.
 - c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.
 - d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
 - e. The cost of accumulated unpaid vacation and sick leave is not accrued.
 - f. Financial statement formats vary from GAAP.

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- g. The entity does not utilize encumbrance accounting.
- h. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as Fixed Assets may include costs substantially in excess of value.

D. Budgetary Data.

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

E. Assets, Liabilities and Fund Equity.

1. **Cash and Cash Equivalents.** The entity defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.
2. **Investments.** The entity defines investments to include certificates of deposit with maturities of greater than three months. Consequently, the cost, carrying value, and market value are equivalent.
3. **Inventories.** Inventories consists primarily of maintenance materials and supplies stated at cost, first-in first-out method.

F. Revenue, Expenditures and Expenses.

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

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 1999**

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 1999. The categories are described as follows:

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

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 99,474.64	\$ 99,474.64	\$.00	\$.00

B. Investments

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

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

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at June 30, 1999. The categories are:

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

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 1999**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments, categorized by level of risk, are:

Types of Investments	Category			Fair Value/ Carrying Value	Cost
	1	2	3		
Deposits at federally insured depositories	\$ 60,000.00	\$.00	\$.00	\$ 60,000.00	\$ 60,000.00

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule as of June 30, 1999 represents interfund receivables and payables:

Fund Type	Interfund Receivables	Interfund Payables
Special Revenue:		
Owned Housing	\$ 120.00	\$.00
Capital Projects	.00	120.00
Total	\$ 120.00	\$ 120.00

NOTE 4 - FIXED ASSETS

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 770,229.05	\$ 146,869.00	\$.00	\$ 917,098.05
Building	2,892,412.49	418,882.00	.00	3,311,294.49
Equipment	108,434.76	11,433.84	30,304.82	89,563.78
Const. in progress	436,106.15	352,932.63	568,631.00	220,407.78
Total	\$ 4,207,182.45	\$ 930,117.47	\$ 598,935.82	\$ 4,538,364.10

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation having a planned total cost of \$250,000.00 to be fully financed by grants from HUD.

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

NOTE 5 - FIXED LIABILITIES

Fixed liabilities consist of the following:

Payroll related costs	Principal Balance
	\$ 10,213.99

Changes in fixed liabilities are as follows:

Balance, beginning of period	Payroll Related Costs
Net Change	\$ 6,917.81
Balance, end of period	3,296.18
	\$ 10,213.99

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 1999**

NOTE 6 - RETIREMENT PLAN

The entity provides pension benefits for all of its full-time employees through the Housing Renewal and Local Agency Retirement Plan (the "Plan"). The Plan is a single-employer defined contribution plan and is administered by the Housing Authority of the Town of Kaplan. The Plan is authorized and may be amended by the entity's Board of Commissioners.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate immediately. The employee contributes a minimum of 6% and the entity contributes 8.5% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended June 30, 1999 was \$57,534.12. The entity's contributions were calculated using the base salary amount of \$55,118.12. Contributions to the plan were \$8,107.68 and \$4,685.04 by the employee and the entity, respectively.

NOTE 7 - COMMITMENTS

Commitments arise primarily from construction in progress. Commitments at June 30, 1999 are composed of the following:

	<u>Project Authorization</u>	<u>Expended to June 30, 1999</u>	<u>Commitment</u>
CIAP 910-97	\$ 250,000.00	\$ 220,407.78	\$ 29,592.22

All project funds are provided by grant from HUD, therefore no additional funding is required to satisfy outstanding commitments at June 30, 1999.

NOTE 8 - CONTINGENCIES

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

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

Housing Authority of the Town of Kaplan
Kaplan, Louisiana

Balance Sheet - Statutory Basis
June 30, 1999

Annual Contributions Contract FW-2024

Assets

Cash-checking and on hand	\$	67,343.63
Investments		60,000.00
Accounts receivable-tenants		2.29
Prepaid insurance		16,319.70
Materials inventory (FIFO cost)		1,444.18
Deferred charges		986.00
Fixed assets		<u>4,538,364.10</u>
Total Assets	\$	<u>4,684,459.90</u>

Liabilities and Surplus

Tenants' security deposits	\$	7,025.00
Accounts payable-other		8,196.21
Accrued PILOT		3,486.15
Tenants' prepaid rents		<u>1,246.90</u>
Total liabilities		19,954.26
Surplus		<u>4,664,505.64</u>
Total Liabilities and Surplus	\$	<u>4,684,459.90</u>

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Statement of Income and Expenses - Statutory Basis
Owned Housing Program
Year Ended June 30, 1999**

Annual Contributions Contract FW-2024

Operating income	
Dwelling rental	\$ 130,944.68
Excess utilities	47,879.14
Interest on general fund investments	3,431.06
Other Income	<u>8,276.48</u>
 Total operating income	 <u>190,531.36</u>
 Operating Expenses	
Administration	51,806.87
Utilities	92,224.67
Ordinary maintenance and operations	50,395.92
General expense	<u>61,803.30</u>
 Total operating expenses	 <u>256,230.76</u>
 Net operating income (loss) before other items	 (65,699.40)
 Other charges (credits)	
Prior year adjustments affecting residual receipts	13,625.60
Loss from disposition of equipment	<u>30,304.82</u>
 Total other charges (credits)	 <u>43,930.42</u>
 Net Income (Loss)	 <u>\$ (109,629.82)</u>

Housing Authority of the Town of Kaplan
Kaplan, Louisiana

Analysis of Surplus - Statutory Basis
June 30, 1999

Annual Contributions Contract FW-2024

Unreserved surplus	
Balance per 6-30-98 audit	\$ (1,736,453.45)
Prior audit AJEs subsequently booked	8,556.45
Net income (loss) FYE 6-30-99	(109,629.82)
OR provision FYE 6-30-99	<u>(4,298.37)</u>
Balance at 6-30-99	<u>(1,841,825.19)</u>
Reserved Surplus	
Balance per 6-30-98 audit	130,159.38
OR provision FYE 6-30-99	<u>4,298.37</u>
Balance at 6-30-99	<u>134,457.75</u>
Cumulative contributions from HUD	
Balance per 6-30-98 audit	4,311,811.40
Operating subsidy FYE 6-30-99	<u>83,981.00</u>
Balance at 6-30-99	<u>4,395,792.40</u>
Grants from HUD	
Balance per 6-30-98 audit	1,608,519.68
Contribution FYE 6-30-99	<u>367,561.00</u>
Balance at 6-30-99	<u>1,976,080.68</u>
Total Surplus	<u>\$ 4,664,505.64</u>

Housing Authority of the Town of Kaplan
Kaplan, Louisiana

Computation of Residual Receipts and Accruing Annual Contributions
Owned Housing Program
Year Ended June 30, 1999

Annual Contributions Contract FW-2024

Computation of Residual Receipts	
Operating receipts	
Operating income	\$ 190,531.36
HUD operating subsidy	<u>83,981.00</u>
Total operating receipts	<u>274,512.36</u>
Operating expenditures	
Operating expenses	256,230.76
Prior year adjustments affecting residual receipts	13,625.60
Capital expenditures	<u>8,553.84</u>
Total operating expenditures	<u>278,410.20</u>
Residual Receipts before provision for reserve, per audit	(3,897.84)
Audit adjustments (backed out)	<u>8,196.21</u>
Residual Receipts before provision for reserve, per PHA	4,298.37
Provision for operating reserve	<u>(4,298.37)</u>
Residual receipts per PHA	<u>\$ (0.00)</u>

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Schedule of Modernization Costs - Uncompleted
June 30, 1999**

Annual Contributions Contract FW-2024

	<u>Project #910-97</u>
1. Funds approved	\$ 250,000.00
Funds expended	<u>220,407.78</u>
Excess of funds approved	<u>\$ 29,592.22</u>
2. Funds advanced	\$ 220,287.78
Funds expended	<u>220,407.78</u>
Excess (deficiency) of funds advanced	<u>\$ (120.00)</u>

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Schedule and Certification of Actual Modernization Costs
June 30, 1999**

Annual Contributions Contract FW-2024

	<u>Project #908-95</u>	<u>Project #909-96</u>	<u>Total</u>
1. Funds approved	\$ 450,000.00	\$ 118,631.00	\$ 568,631.00
Funds expended	<u>450,000.00</u>	<u>118,631.00</u>	<u>568,631.00</u>
Excess of funds approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2. Funds advanced	\$ 450,000.00	\$ 118,631.00	\$ 568,631.00
Funds expended	<u>450,000.00</u>	<u>118,631.00</u>	<u>568,631.00</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

3. The distribution of costs by project as shown on the Final Statement of Modernization Cost accompanying the Actual Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
4. All modernization costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of the Town of Kaplan
Kaplan, Louisiana

Analysis of General Fund Cash Balance
June 30, 1999

Annual Contributions Contract FW-2024

Assets and Other Items

Cash-checking and on hand	\$	67,343.63
Investments		60,000.00
Adjustment for CIAP/CGP funding		120.00
Accounts receivable-tenants		2.29
Prepaid insurance		16,319.70
Materials inventory		1,444.18
Deferred charges		986.00
		<hr/>
Total	\$	<u>146,215.80</u>

Liabilities, Reserves, and Other Items

Tenants' security deposits	\$	7,025.00
Accounts payable-other		8,196.21
Accrued PILOT		3,486.15
Tenants' prepaid rents		1,246.90
Operating reserve per PHA		134,457.75
Adjustments affecting Operating Reserve (backed out)		<u>(8,196.21)</u>
		<hr/>
Total	\$	<u>146,215.80</u>

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

Owned Housing Program

**Adjusting Journal Entries
June 30, 1999**

Annual Contributions Contract FW-2024

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
Prior Year Adj. Aff. R.R.	6010	DO	\$ 9,545.45	
Water	4310			\$ 702.13
Gas	4330			6,986.96
Electricity	4320	NOT		833.94
Other Utilities	4390			592.42
Maintenance Contract Costs	4430	BOOK		430.00
To reverse June 30, 1998 accounts payable.				
(2)				
Travel	4150	DO	81.28	
Water	4310		561.80	
Gas	4330		693.24	
Electricity	4320	NOT	5,887.24	
Other Utilities	4390		473.57	
Maintenance Supplies	4420		499.08	
Accounts Payable	2111	BOOK		8,196.21
To record accounts payable at June 30, 1999.				

FEDERAL AWARDS

Housing Authority of the Town of Kaplan
Kaplan, Louisiana

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

Federal Grantor/Program Title	Grant ID Number	Federal CFDA Number	Current Year Program or Award Amount	Balance Beginning of Year - Cash/Receivable/ (Payable)	Grant Receipts or Revenue Recognized	Grant Disbursements/ Expenditures	Balance End of Year Cash/ Receivable (Payable)
U.S. Department of Housing and Urban Development							
Direct Programs:							
Low Income Housing - Operating subsidy	FW-2024	14.850	\$ 83,981.00	\$ -	\$ 83,981.00	\$ 83,981.00	\$ -
CIAP	FW-2024	14.852	250,000.00	14,748.37	367,561.00	352,932.63	120.00
			<u>\$ 333,981.00</u>	<u>\$ 14,748.37</u>	<u>\$ 451,542.00</u>	<u>\$ 436,913.63</u>	<u>\$ 120.00</u>
Total HUD and Grand Total							

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

See Notes to Financial Statements.

SUPPLEMENTAL FINANCIAL INFORMATION -
GASB REQUIRED INFORMATION

**Housing Authority of the Town of Kaplan
Kaplan, Louisiana**

**Year 2000 Supplementary Information
June 30, 1999**

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

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

It appears that the Housing Authority of the Town of Kaplan has addressed the potential impact of the Year 2000 (Y2K) on the processing of date-dependent information by the computerized information systems being utilized by the Authority. The PHA is in the implementation stage of compliance. All application software, operating systems, and computer hardware appear to be Y2K compliant. The Y2K issue is the result of computer programs being written using two digits (rather than four) to define a year. This could result in miscalculations or system failures. The Authority spent \$5,329.84 during the 1998-99 year to make their application software, operating systems, and computer hardware Y2K compliant. No significant additional costs will be required to make computer systems and other equipment Y2K compliant.

NON-FINANCIAL SECTION

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

Board of Commissioners
Housing Authority of the Town of Kaplan
P.O. Box 246
Kaplan, LA 70548

We have audited the general purpose financial statements of Housing Authority of the Town of Kaplan as of and for the year ended June 30, 1999, and have issued our report thereon dated November 5, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

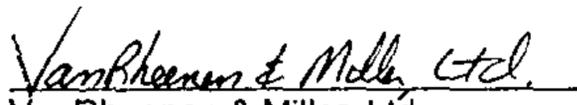
As part of obtaining reasonable assurance about whether Housing Authority of the Town of Kaplan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Housing Authority of the Town of Kaplan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

November 5, 1999


VanRheenen & Miller, Ltd.
Certified Public Accountants

Report on Compliance with Requirements Applicable to Each Major Program and Internal
Control Over Compliance in Accordance with OMB Circular A-133

Board of Commissioners
Housing Authority of the Town of Kaplan
P.O. Box 246
Kaplan, LA 70548

Compliance

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

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

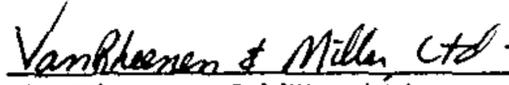
In our opinion, Housing Authority of the Town of Kaplan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

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


VanRheenen & Miller, Ltd.
Certified Public Accountants

November 5, 1999

**Housing Authority of the Town of Kaplan
Schedule of Findings and Questioned Costs
Year Ended June 30, 1999**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of Housing Authority of the Town of Kaplan.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Housing Authority of the Town of Kaplan were disclosed during this audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Housing Authority of the Town of Kaplan expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Housing Authority of the Town of Kaplan reported in Part C. of this Schedule.
7. The programs tested as major programs included: Public and Indian Housing - Comprehensive Improvement Assistance Program, CFDA #14.852
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Housing Authority of the Town of Kaplan was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**Housing Authority of the Town of Kaplan
Summary Schedule of Prior Audit Findings
Year Ended June 30, 1999**

There were no prior audit findings.