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**Housing Authority of St. James Parish  
Lutcher, Louisiana**

Financial Statements and Supplemental Financial Information  
Year Ended September 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 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 08-10-00

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 St. James Parish  
2627 King Avenue  
Lutcher, LA 70071

We have audited the accompanying general purpose financial statements of Housing Authority of St. James Parish, as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements, the schedule of expenditures of federal awards, and the supplemental financial information are the responsibility of the Housing Authority of St. James Parish's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

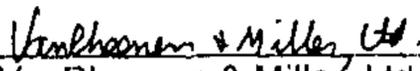
Because of the inadequacy of accounting records for the fiscal years prior to September 30, 1999, we were unable to form an opinion regarding the amounts at which fixed assets, expenditures related to the Public Housing Drug Elimination Program (PHDEP), and amounts owed to the entity by the IRS are recorded in the accompanying balance sheet at September 30, 1999.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had prior year records concerning fixed assets, expenditures related to the PHDEP and amounts owed by the IRS been adequate, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of St. James Parish, as of September 30, 1999, and the results of its operations for the year then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2000 on our consideration of Housing Authority of St. James Parish'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 in the table of contents is presented for purposes of additional analysis and is not a required part of these 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had prior year records concerning fixed assets, expenditures related to the PHDEP, and amounts owed by the IRS been adequate, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

March 3, 2000

  
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VanRheenen & Miller, Ltd.  
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

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

	<u>Governmental Fund Types</u>		<u>Account Groups</u>	<u>Memo Totals 1999</u>
	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>General Fixed Assets</u>	
<u>Assets and Other Debits</u>				
Assets:				
Cash	\$ 21,271.95	\$ -	\$ -	\$ 21,271.95
Receivables:				
Accounts	8,531.76	-	-	8,531.76
Other governments	60,525.24	39,352.09	-	99,877.33
Other	53,336.98	-	-	53,336.98
Due from other funds	99,877.33	-	-	99,877.33
Inventories (FIFO cost)	4,105.11	-	-	4,105.11
Prepaid items	13,072.00	-	-	13,072.00
Fixed assets	-	-	10,096,098.18	10,096,098.18
<b>Total Assets and Other Debits</b>	<b><u>\$ 260,720.37</u></b>	<b><u>\$ 39,352.09</u></b>	<b><u>\$ 10,096,098.18</u></b>	<b><u>\$ 10,396,170.64</u></b>
<u>Liabilities, Equity, and Other Credits</u>				
Liabilities:				
Accounts payable:				
Trade	\$ 51,992.67	\$ -	\$ -	\$ 51,992.67
Payroll taxes withheld and accrued	2,685.93	-	-	2,685.93
Security deposits	15,999.00	-	-	15,999.00
Accrued compensated absences	20,113.50	-	-	20,113.50
Due to other funds	60,525.24	39,352.09	-	99,877.33
Accrued PILOT	14,432.00	-	-	14,432.00
Deferred revenue	1,019.54	-	-	1,019.54
<b>Total liabilities</b>	<b><u>166,767.88</u></b>	<b><u>39,352.09</u></b>	<b><u>-</u></b>	<b><u>206,119.97</u></b>
Equity and Other Credits:				
Investment in general fixed assets	-	-	10,096,098.18	10,096,098.18
Fund balances:				
Reserved for prepaids	13,072.00	-	-	13,072.00
Reserved for inventories	4,105.11	-	-	4,105.11
Unreserved, undesignated	76,775.38	-	-	76,775.38
<b>Total Equity and Other Credits</b>	<b><u>93,952.49</u></b>	<b><u>-</u></b>	<b><u>10,096,098.18</u></b>	<b><u>10,190,050.67</u></b>
<b>Total Liabilities, Equity and Other Credits</b>	<b><u>\$ 260,720.37</u></b>	<b><u>\$ 39,352.09</u></b>	<b><u>\$ 10,096,098.18</u></b>	<b><u>\$ 10,396,170.64</u></b>

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

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

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

	<u>Governmental Fund Types</u>		Memo Totals 1999
	<u>Special Revenue</u>	<u>Capital Projects</u>	
Revenues:			
Rents	\$ 198,615.04	\$ -	\$ 198,615.04
Charges for services	25,133.97	-	25,133.97
Operational subsidies/grants	462,086.00	286,969.65	749,055.65
Interest	2,350.66	-	2,350.66
	<u>688,185.67</u>	<u>286,969.65</u>	<u>975,155.32</u>
Total Revenues			
Expenditures			
Current:			
Housing operations:			
Administration	165,781.61	-	165,781.61
Tenant services	6,671.00	-	6,671.00
Utilities	77,292.42	-	77,292.42
Ordinary maintenance and operations	337,150.62	-	337,150.62
General expense	182,013.51	-	182,013.51
Capital outlay	-	286,969.65	286,969.65
	<u>768,909.16</u>	<u>286,969.65</u>	<u>1,055,878.81</u>
Total Expenditures			
Excess of Revenues and Sources over (under) Expenditures and Uses	(80,723.49)	-	(80,723.49)
Fund balances, beginning of period	<u>174,675.98</u>	<u>-</u>	<u>174,675.98</u>
Fund Balance, end of period	<u>\$ 93,952.49</u>	<u>\$ -</u>	<u>\$ 93,952.49</u>

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

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

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

	<i>Special Revenue Funds</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Rents	\$ 249,779.00	\$ 198,615.04	\$ (51,163.96)
Charges for services	18,350.00	25,133.97	6,783.97
Operational subsidies/grants	455,415.00	462,086.00	6,671.00
Interest	3,100.00	2,350.66	(749.34)
	<u>762,731.08</u>	<u>688,185.67</u>	<u>(74,545.41)</u>
Total Revenues			
Expenditures			
Current:			
Administrative salaries	104,890.00	88,915.66	15,974.34
Professional fees	21,000.00	25,940.39	(4,940.39)
Travel	25,300.00	6,622.89	18,677.11
Sundry administration	17,500.00	44,302.67	(26,802.67)
Tenant services	2,000.00	6,671.00	(4,671.00)
Utilities	56,970.00	77,292.42	(20,322.42)
Maintenance salaries	170,400.00	161,703.19	8,696.81
Maintenance materials	54,000.00	48,078.62	5,921.38
Other maintenance costs	89,300.00	127,368.81	(38,068.81)
Insurance	103,400.00	100,281.46	3,118.54
PILOT	19,280.00	14,432.00	4,848.00
Employee benefits	91,780.00	64,543.43	27,236.57
Collection losses	4,000.00	-	4,000.00
Miscellaneous	-	2,756.62	(2,756.62)
Capital expenditures	630.00	-	630.00
	<u>760,450.00</u>	<u>768,909.16</u>	<u>(8,459.16)</u>
Total Expenditures			
Excess of Revenues and Sources over (under) Expenditures and Uses	<u>\$ 2,281.08</u>	<u>(80,723.49)</u>	<u>\$ (83,004.57)</u>
Fund balances, beginning of period		<u>174,675.98</u>	
Fund Balance, end of period		<u>\$ 93,952.49</u>	

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

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Notes to the Financial Statements  
September 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 St. James Parish, 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 St. James Parish  
Lutcher, Louisiana**

**Notes to the Financial Statements  
September 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 not capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity.
5. Capitalized Interest. During project development, interest expenditures were capitalized under pre-1987 financing arrangements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to financed developments, interest expenditures are not accrued but are recorded when paid.
6. Long-term Liabilities. Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.
7. Fund Balance Reservations. Special reporting treatment is also applied in governmental funds when 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.

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 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. **Inventories.** Inventories consists primarily of maintenance materials and supplies stated at cost, first-in first-out method.

**F. Revenue, Expenditures and Expenses.**

1. **Income Taxes.** The entity is not subject to federal or state income taxes.

**NOTE 2 - DEPOSITS**

**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 September 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.)

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

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

**NOTE 2 - DEPOSITS (Continued)**

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 27,219.07	\$ 27,219.07	\$ .00	\$ .00

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

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

Fund Type	Interfund Receivables	Interfund Payables
Special Revenue:		
Owned Housing	\$ 99,877.33	\$ .00
PHDEP	.00	60,525.24
Capital Projects	.00	39,352.09
Total	\$ 99,877.33	\$ 99,877.33

**NOTE 4 - FIXED ASSETS**

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, Buildings and Equipment	\$ 7,793,680.83	\$ .00	\$ (169,786.58)	\$ 7,623,894.25
Const. in progress	2,185,234.28	286,969.65	.00	2,472,203.93
Total	\$ 9,978,915.11	\$ 286,969.65	\$ (169,786.58)	\$ 10,096,098.18

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation will be fully financed by grants from HUD. The beginning amount for construction in progress has been restated to reflect various adjustments made to prior year amounts (see Note 6).

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 - CONDUIT DEBT OBLIGATIONS**

To provide for the development and modernization of low rent housing units, the authority issued New Housing Authority Bonds and Permanent Notes - F.F.B. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the authority and accordingly have not been reported in the accompanying financial statements.

As of September 30, 1999, there were three series of New Housing Authority Bonds outstanding. The aggregate principal amount payable for the Bond series was \$2,026,665.66. As of September 30, 1999, Permanent Notes - F.F.B. outstanding totaled \$46,375.74.

Housing Authority of St. James Parish  
Lutcher, Louisiana

Notes to the Financial Statements  
September 30, 1999

NOTE 6 - RESTATEMENT OF BEGINNING FUND BALANCES

The following adjustments have been made to the beginning fund balances:

Balance per prior audit	\$	149,820.88
Record prior year accrued compensated absences		(15,631.67)
Adjust prior year prepaid insurance balance		(2,450.84)
Adjust prior year accounts for reclassifications made by PHA related to CGP and PHDEP expenditures		<u>42,937.61</u>
Restated balance at September 30, 1998	\$	<u><u>174,675.98</u></u>

NOTE 7 - 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.

COMBINING STATEMENTS

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Combining Balance Sheet - All Special Revenue Funds  
September 30, 1999**

	Owned Housing FW-2007	PHDEP FW-2007	Totals
Assets and Other Debits			
Assets:			
Cash	\$ 21,271.95	\$ -	\$ 21,271.95
Receivables:			
Accounts	8,531.76	-	8,531.76
Other governments	-	60,525.24	60,525.24
Other	53,336.98	-	53,336.98
Due from other funds	99,877.33	-	99,877.33
Inventories	4,105.11	-	4,105.11
Prepaid items	13,072.00	-	13,072.00
	<u>\$ 200,195.13</u>	<u>\$ 60,525.24</u>	<u>\$ 260,720.37</u>
Liabilities, Equity, and Other Credits			
Liabilities:			
Accounts payable:			
Trade	\$ 51,992.67	\$ -	\$ 51,992.67
Payroll taxes withheld and accrued	2,685.93	-	2,685.93
Security deposits	15,999.00	-	15,999.00
Accrued compensated absences	20,113.50	-	20,113.50
Due to other funds	-	60,525.24	60,525.24
Accrued PILOT	14,432.00	-	14,432.00
Deferred revenue	1,019.54	-	1,019.54
	<u>106,242.64</u>	<u>60,525.24</u>	<u>166,767.88</u>
Equity and Other Credits:			
Fund balances:			
Reserved for prepaids	13,072.00	-	13,072.00
Reserved for inventories	4,105.11	-	4,105.11
Unreserved, undesignated	76,775.38	-	76,775.38
	<u>93,952.49</u>	<u>-</u>	<u>93,952.49</u>
	<u>\$ 200,195.13</u>	<u>\$ 60,525.24</u>	<u>\$ 260,720.37</u>

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

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -  
All Special Revenue Funds  
Year Ended September 30, 1999**

	Owned Housing FW-2007	PHDEP FW-2007	Totals
Revenues:			
Rents	\$ 198,615.04	-	198,615.04
Charges for services	25,133.97	-	25,133.97
Operational subsidies/grants	455,415.00	6,671.00	462,086.00
Interest	2,350.66	-	2,350.66
<b>Total Revenues</b>	<b>681,514.67</b>	<b>6,671.00</b>	<b>688,185.67</b>
Expenditures			
Current:			
Administrative salaries	88,915.66	-	88,915.66
Professional fees	25,940.39	-	25,940.39
Staff training	6,889.05	-	6,889.05
Travel	6,622.89	-	6,622.89
Sundry administration	37,413.62	-	37,413.62
Tenant services	-	6,671.00	6,671.00
Utilities	77,292.42	-	77,292.42
Maintenance salaries	161,703.19	-	161,703.19
Maintenance materials	48,078.62	-	48,078.62
Other maintenance costs	127,368.81	-	127,368.81
Insurance	100,281.46	-	100,281.46
PILOT	14,432.00	-	14,432.00
Employee benefits	64,543.43	-	64,543.43
Miscellaneous	2,756.62	-	2,756.62
<b>Total Expenditures</b>	<b>762,238.16</b>	<b>6,671.00</b>	<b>768,909.16</b>
Excess of Revenues and Sources (over) (under) Expenditures and Uses	(80,723.49)	-	(80,723.49)
Fund Balance, beginning of period	174,675.98	-	174,675.98
Fund Balance, end of period	\$ 93,952.49	\$ -	\$ 93,952.49

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

SUPPLEMENTAL FINANCIAL INFORMATION

Housing Authority of St. James Parish  
Financial Data Schedule  
Balance Sheet  
September 30, 1999

Line Item #	Account Description	Low Rent 14,850	CGP 14,859	PHI Drug Elimination Program 14,854	General Fixed Asset Account Group	TOTAL
<b>ASSETS:</b>						
<b>CURRENT ASSETS:</b>						
Cash						
111	Cash - unrestricted	21,272				21,272
112	Cash - restricted - modernization and development					
113	Cash - other restricted					
114	Cash - tenant security deposits					
100	<b>Total cash</b>	<b>21,272</b>				<b>21,272</b>
Accounts and notes receivable:						
121	Accounts receivable - PHA projects					
122	Accounts receivable - HUD other projects		39,352	60,525		99,877
124	Accounts receivable - other government					
125	Accounts receivable - miscellaneous	53,337				53,337
126	Accounts receivable - tenants - dwelling rents	9,501				9,501
126.1	Allowance for doubtful accounts - dwelling rents	(969)				(969)
126.2	Allowance for doubtful accounts - other					
127	Notes and mortgages receivable - current					
128	Fraud recovery					
128.1	Allowance for doubtful accounts - fraud					
129	Accrued interest receivable					
120	<b>Total receivables, net of allowances for doubtful accounts</b>	<b>61,869</b>	<b>39,352</b>	<b>60,525</b>		<b>161,746</b>
Current investments						
131	Investments - unrestricted					
132	Investments - restricted					
142	Prepaid expenses and other assets	13,072				13,072
143	Inventories	4,105				4,105
143.1	Allowance for obsolete inventories					
144	Interprogram - due from	99,877				99,877
146	Amounts to be provided					
150	<b>TOTAL CURRENT ASSETS</b>	<b>200,195</b>	<b>39,352</b>	<b>60,525</b>		<b>300,072</b>
<b>NONCURRENT ASSETS:</b>						
Fixed assets						
161	Land				1,216,339	1,216,339
162	Buildings				6,032,618	6,032,618
163	Furniture, equipment & machinery - dwellings					
164	Furniture, equipment & machinery - administration				354,937	354,937
165	Leasehold improvements					
167	Construction in progress				2,472,204	2,472,204
160	<b>Total fixed assets, net of accumulated depreciation</b>				<b>10,096,098</b>	<b>10,096,098</b>
Other non-current assets:						
171	Notes and mortgages receivable - non-current					
172	Notes and mortgages receivable - non-current - past due					
174	Other assets					
175	Undistributed debits					
176	Investment in joint ventures					
180	<b>TOTAL NONCURRENT ASSETS</b>				<b>10,096,098</b>	<b>10,096,098</b>
190	<b>TOTAL ASSETS</b>	<b>200,195</b>	<b>39,352</b>	<b>60,525</b>	<b>10,096,098</b>	<b>10,396,170</b>
<b>LIABILITIES AND EQUITY:</b>						
Liabilities:						
Current liabilities:						
311	Bank overdraft					
312	Accounts payable ≤ 90 days	51,993				51,993
313	Accounts payable > 90 days past due					
321	Accrued wage/payroll taxes payable	2,686				2,686
322	Accrued compensated absences	20,113				20,113
324	Accrued contingency liability					
325	Accrued interest payable					
331	Accounts Payable - HUD PHA Programs					
332	Accounts Payable - PHA projects					
333	Accounts payable - other government					
341	Tenant security deposits	15,999				15,999
342	Deferred revenue					
343	Current portion of L-T debt - capital projects					
344	Current portion of L-T debt - operating borrowings					
345	Other current liabilities	1,020				1,020
346	Accrued liabilities - other	14,432				14,432
347	Interprogram - due to		39,352	60,525		99,877
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>106,243</b>	<b>39,352</b>	<b>60,525</b>		<b>206,120</b>
NONCURRENT LIABILITIES:						
351	Long-term debt, net of current - capital projects					
352	Long-term debt, net of current - operating borrowings					
353	Non-current liabilities - other					
350	<b>TOTAL NONCURRENT LIABILITIES</b>					
360	<b>TOTAL LIABILITIES</b>	<b>106,243</b>	<b>39,352</b>	<b>60,525</b>		<b>206,120</b>
<b>EQUITY:</b>						
501	Investment in general fixed assets				10,096,098	10,096,098
Contributed Capital						
502	Project notes (HUD)					
503	Long-term debt - HUD guaranteed					
504	Net HUD PHA contributions					
505	Other HUD contributions					
507	Other contributions					
508	<b>Total contributed capital</b>					
Reserved fund balance						
509	Reserved for operating activities	17,177				17,177
510	Reserved for capital activities					
511	<b>Total reserved fund balance</b>	<b>17,177</b>				<b>17,177</b>
512	Undesignated fund balance/retained earnings	76,775				76,775
513	<b>TOTAL EQUITY</b>	<b>93,952</b>			<b>10,096,098</b>	<b>10,190,050</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>200,195</b>	<b>39,352</b>	<b>60,525</b>	<b>10,096,098</b>	<b>10,396,170</b>

Proof of concept

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Housing Authority of St. James Parish  
Financial Data Schedule  
Income Statement  
Year Ended September 30, 1999

Line Item #	Account Description	Low Rent 14,850	COP 14,859	PHI Drug Elimin. Program 14,854	General Fixed Assets Account Group	TOTAL
<b>REVENUE:</b>						
703	Net tenant rental revenue	198,615				198,615
704	Tenant revenue - other					
705	Total tenant revenue	198,615				198,615
706	HUD PHA grants	455,415	286,970	6,671		749,056
708	Other governmental grants					
711	Investment income - unrestricted	2,351				2,351
712	Mortgage interest income					
714	Fraud recovery					
715	Other revenue	25,134				25,134
716	Gain or loss on sale of fixed assets					
720	Investment income - restricted					
700	<b>TOTAL REVENUE</b>	<b>681,515</b>	<b>286,970</b>	<b>6,671</b>		<b>975,156</b>
<b>EXPENSES:</b>						
Administrative						
911	Administrative salaries	87,347				87,347
912	Auditing fees	2,595				2,595
913	Outside management fees					
914	Compensated absences	4,482				4,482
915	Employee benefit contributions- administrative	22,904				22,904
916	Other operating- administrative	74,271				74,271
Tenant services						
921	Tenant services- salaries					
922	Relocation costs					
923	Employee benefit contributions- tenant services					
924	Tenant services- other			6,671		6,671
Utilities						
931	Water	19,556				19,556
932	Electricity	45,201				45,201
933	Gas	1,342				1,342
934	Fuel					
935	Labor					
937	Employee benefit contributions- utilities					
938	Other utilities expense	11,194				11,194
Ordinary maintenance & operation						
941	Ordinary maintenance and operations- labor	158,790				158,790
942	Ordinary maintenance and operations- materials & other	48,079				48,079
943	Ordinary maintenance and operations- contract costs	129,010				129,010
945	Employee benefit contributions- ordinary maintenance	41,639				41,639
Protective services						
951	Protective services- labor					
952	Protective services- other contract costs					
953	Protective services- other					
955	Employee benefit contributions- protective services					
General expenses						
961	Insurance premiums	100,281				100,281
962	Other general expenses	2,757				2,757
963	Payments in lieu of taxes	14,432				14,432
964	Bad debt- tenant rents					
965	Bad debt- mortgages					
966	Bad debt- other					
967	Interest expense					
968	Severance expense					
969	<b>TOTAL OPERATING EXPENSES</b>	<b>763,880</b>		<b>6,671</b>		<b>770,551</b>
970	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>(82,365)</b>	<b>286,970</b>			<b>204,605</b>
971	Extraordinary maintenance					
972	Casualty losses - non capitalized	(1,641)				(1,641)
973	Housing assistance payments					
974	Depreciation expense					
975	Fraud losses					
976	Capital outlays- governmental funds		286,970			286,970
977	Debt principal payment- governmental funds					
978	Dwelling units rent expense					
900	<b>TOTAL EXPENSES</b>	<b>762,239</b>	<b>286,970</b>	<b>6,671</b>		<b>1,055,880</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
1001	Operating transfers in					
1002	Operating transfers out					
1003	Operating transfers from to primary government					
1004	Operating transfers from to component unit					
1005	Proceeds from notes, loans and bonds					
1006	Proceeds from property sales					
1010	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>					
1000	<b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSE</b>	<b>(80,724)</b>				<b>(80,724)</b>
<b>MEMO ACCOUNT INFORMATION:</b>						
1101	Capital contributions					
1102	Debt principal payments - enterprise funds					
1103	Beginning equity	149,821				149,821
1104	Prior period adjustments and equity transfers	24,855				24,855
1105	Changes in compensated absence liability (in the GLTDAG)					
1106	Changes in contingent liability balance (in the GLTDAG)					
1107	Changes in unrecognized pension transition liability (in the GLTDAG)					
1108	Changes in special term severance benefits liability (in the GLTDAG)					
1109	Changes in allowance for doubtful accounts - dwelling rents	969				969
1110	Changes in allowance for doubtful accounts - other					
1112	Depreciation "add back"					
1113	Maximum annual contributions commitment (per ACC)					
1114	Prior maximum annual contributions applicable to a period of less than twelve months					
1115	Contingency reserve, ACC program reserve					
1116	Total annual contributions available					
1120	Unit months available	3,428				3,428
1121	Number of unit months leased	2,636				2,636
Equity Roll Forward Test						
Calculation from R-E Statement						
		93,952				93,952
	B S Line 513	93,952				93,952

Housing Authority of St. James Parish  
Lutcher, Louisiana

Schedule of Modernization Costs  
September 30, 1999

Annual Contributions Contract FW-2007

	Project #906	Project #907	Project #701-93	Project #702-94	Project #703-95	Project #704-96	Project #705-97	Project #706-98	Total
Funds advanced	\$ 33,024.00	\$ 680,195.00	\$ 124,076.00	\$ 572,654.00	\$ 314,447.00	\$ 411,851.00	\$ 296,604.84	\$ -	\$ 2,432,851.84
Funds expended	<u>33,024.00</u>	<u>680,195.00</u>	<u>124,076.00</u>	<u>572,654.00</u>	<u>314,447.00</u>	<u>411,851.00</u>	<u>314,646.89</u>	<u>21,310.04</u>	<u>2,472,203.93</u>
Excess (deficiency) of funds advanced	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (18,042.05)	\$ (21,310.04)	\$ (39,352.09)

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Owned Housing Program**

**Adjusting Journal Entries  
September 30, 1999**

Annual Contributions Contract FW-2007

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
Insurance expense	4510	2820	\$ 19,428.75	
Prepaid insurance	1211	1211		\$ 19,428.75
To adjust prepaid insurance at September 30, 1999. PHA is making quarterly installments on their property and liability insurance.				
(2)				
Dwelling rent	3110	DO NOT	22,556.51	
Collection losses	4570	BOOK		22,556.51
To reclass bad debts to revenue utilizing the net revenue approach.				
(3)				
CGP 705-97	1450	1450	18,042.05	
Maintenance Contract	4430	2820		18,042.05
To reclass accounts payable related to payment to AAA coverage. When entry was made at September 30, 1999, this amount was charged to maintenance contract.				
(4)				
Extraordinary Maintenance	4620	2820	5,638.50	
Maintenance Contract	4430	2820	2,332.86	
Sundry Administrative	4190	2820	1,080.00	
Water	4310	2820	4.00	
Other Utility Expense	4390	2820	435.50	
Employee Benefit Contributions	4540	2820	867.91	
Accounts Payable	2111	2111		10,358.77
To record additional accounts payable at September 30, 1999.				
(5)				
Operating Reserve	2820	2820		38,943.14
Unreserved Surplus	2810	2810	38,943.14	
To adjust accounts for adjustments made to prior year balances.				

FEDERAL AWARDS

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1999**

<u>Federal Grantor/Program Title</u>	<u>Grant ID Number</u>	<u>Federal CFDA Number</u>	<u>Current Year Program or Award Amount</u>	<u>Grant Receipts or Revenue Recognized</u>	<u>Grant Disbursements/ Expenditures</u>
U.S. Department of Housing and Urban Development					
Direct Programs:					
Public and Indian Housing - Operating Subsidy	FW-2007	14.850	\$ 455,415.00	\$ 455,415.00	\$ 455,415.00
PHDEP Subsidy	FW-2007	14.854	-	6,671.00	6,671.00
Comprehensive Grant	FW-2007	14.859	-	247,617.56	286,969.65
Total HUD and Grand Total			<u>\$ 455,415.00</u>	<u>\$ 709,703.56</u>	<u>\$ 749,055.65</u>

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

See Notes to Financial Statements.

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 St. James Parish  
2627 King Avenue  
Lutcher, LA 70071

We have audited the general purpose financial statements of Housing Authority of St. James Parish as of and for the year ended September 30, 1999, and have issued our report thereon dated March 3, 2000 which was qualified due to inadequate records from periods prior to the fiscal year ending September 30, 1999 related to fixed assets PHDEP expenditures, and amounts due from the IRS. Except as disclosed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Housing Authority of St. James Parish's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 99-5, 99-6, 99-7 and 99-8.

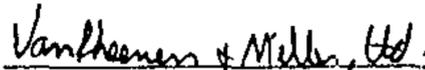
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Housing Authority of St. James Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting 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 financial reporting that, in our judgment, could adversely affect Housing Authority of St. James Parish's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-5, 99-6, 99-7 and 99-8.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-5 and 99-8 to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 3, 2000

  
\_\_\_\_\_  
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 St. James Parish  
2627 King Avenue  
Lutcher, LA 70071

Compliance

We have audited the compliance of Housing Authority of St. James Parish 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 September 30, 1999. Housing Authority of St. James Parish'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 St. James Parish'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 St. James Parish'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 St. James Parish's compliance with those requirements.

As described in item 99-2 in the accompanying schedule of findings and questioned costs, Housing Authority of St. James Parish did not comply with requirements regarding allowability that are applicable to its Public and Indian Housing Program. Compliance with such requirements is necessary, in our opinion, for Housing Authority of St. James Parish to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Housing Authority of St. James Parish 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 September 30, 1999. The results of our auditing procedures also disclosed instances of noncompliance with those requirements that 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 items 99-1, 99-2, 99-3 and 99-4.

Internal Control Over Compliance

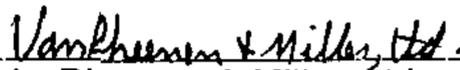
The management of Housing Authority of St. James Parish is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Housing Authority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

We noted 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 Housing Authority of St. James Parish's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1, 99-2, 99-3 and 99-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, 99-2 is a material weakness.

This report is intended solely for the information and use of management, others within the organization, Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 3, 2000

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

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Schedule of Findings and Questioned Costs  
Year Ended September 30, 1999**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Housing Authority of St. James Parish.
2. Three reportable conditions disclosed during the audit of the general purpose financial statements are reported in the Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards. Items 99-5 and 99-8 are reported as material weaknesses.
3. Instances of noncompliance material to the general purpose financial statements of Housing Authority of St. James Parish were disclosed during this audit.
4. Four reportable conditions disclosed during the audit of the major federal award programs are in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133. Item 99-2 is reported as a material weakness.
5. The auditors' report on compliance for the major federal award programs for the Housing Authority of St. James Parish expresses a qualified opinion.
6. Audit findings relative to the major federal award programs for Housing Authority of St. James Parish are reported in Part C. of this Schedule.
7. The programs identified as major programs included: Public and Indian Housing, CFDA #14.850.
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. *Housing Authority of St. James Parish was not determined to be a low-risk auditee.*

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

99-5 Undocumented Expenditures - See Finding 99-2 under Part C of this schedule.

99-6 Budget Overruns - See Finding 99-3 under Part C of this Schedule.

99-7 Late Audit - See Finding 99-4 under Part C of this Schedule.

**99-8 COMPREHENSIVE GRANT PROGRAM AND PUBLIC HOUSING DRUG ELIMINATION PROGRAM**

**Condition and Criteria:** The PHA is required to adequately account for expenditures related to its comprehensive grant programs (CGP) and its Public Housing Drug Elimination Program (PHDEP). Over the course of the last few years, the PHA had failed to account for these expenditures adequately. As a result, the balances in these accounts were inaccurate.

Amounts that are currently being shown as modernization costs or PHDEP costs may not equal amounts actually spent. The PHA had adjusted their accounts to agree with the amounts advanced by HUD for these programs. During the fiscal year ending September 30, 1999, the PHA conducted an inventory of equipment and adjusted its records to the inventory. Some of the amounts shown as modernization costs were for equipment purchases. As a result, amounts in these modernization accounts should either be transferred to fixed assets or written off as non-capital items.

**Effect:** The amounts in these accounts may not be correct.

**Cause:** The PHA did not maintain adequate records in prior years.

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Schedule of Findings and Questioned Costs  
Year Ended September 30, 1999**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)**

**99-8 COMPREHENSIVE GRANT PROGRAM AND PUBLIC HOUSING DRUG ELIMINATION PROGRAM  
(Continued)**

Auditor's recommendation: The PHA should close the amounts in these accounts to fixed assets or reclass them as non-capital items.

Grantee Response: We have been working both with our fee accountant and HUD to determine the best estimate of actual expenditures.

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

**99-1 TENANT'S ACCOUNTS RECEIVABLE**

	<u>Questioned Costs</u>
	.00

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850

Condition and Criteria: The PHA's balance in tenant's accounts receivable exceeds the maximum recommended by HUD. At September 30, 1999, the PHA's accounts receivable balance is \$9,500.76. This is over 50% of the average monthly rental charges. HUD recommends that this balance should be within 10% of the average monthly rental charges. This is a repeat finding from the prior audit. The PHA also wrote off \$22,556.51 in bad debts during the fiscal year ending September 30, 1999. This exceeds the HUD recommended level of 1% of annual rental charges.

Effect: The PHA's tenant accounts receivable balances are in excess of HUD recommended amounts. The PHA also wrote-off accounts in excess of the HUD recommended amounts.

Cause: The PHA's collection policy was not followed in the past and the PHA is working to remove these extremely high balances.

Auditor's Recommendation: The PHA should strive to reduce its accounts receivable to an acceptable level.

Grantee Response: We have reduced our accounts receivable since last year. We are making progress in this area by utilizing aggressive lease enforcement and writing off old uncollectible accounts.

If a resident has a debt and works with the PHA a repayment agreement can be signed. In this way the PHA retains the resident stabilizing occupancy rates, and recoups the money due without incurring further late charges to the resident.

**99-2 UNDOCUMENTED EXPENDITURES**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850,14.859	<b>\$ 70,853.76</b>
--	---------------------

Condition and Criteria: The PHA has apparently overpaid their payroll taxes to the IRS in prior periods. The PHA is amending their payroll taxes from prior years to determine the amount they are owed. At September 30, 1999 the PHA's general ledger reflects a receivable of \$53,336.98. Due to the records from prior periods, we were unable to verify this balance.

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Schedule of Findings and Questioned Costs  
Year Ended September 30, 1999**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT (Continued)**

**99-2 UNDOCUMENTED EXPENDITURES (Continued)**

The PHA was also audited by the Inspector General for Audit regarding its Public Housing Drug Elimination Program. The report stated that the PHA did not properly administer the program. We have not recorded the amounts possibly owed back to HUD as a result of this audit. Subsequent to September 30, 1999, the PHA agreed to pay \$15,690.00 back to HUD for ineligible items.

Effect: Amounts reported on the general ledger as due from IRS may be incorrect. Ineligible expenditures may have occurred.

Cause: The PHA's internal control system is inadequate to monitor compliance with allowable costs.

Population and Items Tested: We tested 57 checks and three of these checks were for payroll taxes or payroll related accounts. Due to the questions regarding the IRS balances, we were unable to determine if the payments were correct.

Auditor's Recommendation: The PHA should retain all documentation to support each disbursement.

Current Status:

**99-3 BUDGET OVERRUNS**

**Questioned  
Costs**  

---

.00

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850

Condition and Criteria: The PHA exceeded budgeted amounts in several categories. The budget should be used to monitor spending and determine necessary expenditures. Significant overages include:

	Budget	Actual	
Maintenance expenses	\$ 313,700.00	\$ 338,791.73	
Total operating expenditures	760,450.00	763,833.10	

Effect: The PHA exceeded its budget and, as a result, did not comply with federal and state guidelines.

Cause: The PHA's internal control system apparently is not adequate to monitor spending.

Auditor's Recommendation: The PHA should strictly adhere to its budget.

Grantee's Response: We made strides in reducing our budget overruns. We are still working to recover from prior years and had some unexpected overruns. We are working to stay within our budget for the fiscal year ending September 30, 2000.

**99-4 LATE AUDIT**

Condition and Criteria: According to Louisiana State Law, the PHA is required to submit its annual audit to the state of Louisiana within six months of the end of its fiscal year end. This audit report is being submitted after that time period.

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Schedule of Findings and Questioned Costs  
Year Ended September 30, 1999**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT (Continued)**

**99-4 LATE AUDIT (Continued)**

**Cause:** The PHA engaged our firm to contract the audit. Due to unforeseen and uncontrollable staffing problems, we were unable to complete the audit by the March 31, 2000 deadline.

**Auditor's Recommendation:** The PHA should strive to have their next audit completed by the due date.

**Grantee Response:** We had engaged the auditors and anticipated that it would be completed by the due date. We will strive to have it completed in a timely manner for the fiscal year ending September 30, 2000.

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Summary Schedule of Prior Audit Findings  
Year Ended September 30, 1999**

**98-1 TENANT'S ACCOUNTS RECEIVABLE**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850

Condition and Criteria: The PHA's balance in tenant's accounts receivable exceeds the maximum recommended by HUD. At September 30, 1998, the PHA's accounts receivable balance is \$13,815.92. This is approximately 95% of the average monthly rental charges. HUD recommends that this balance should be within 10% of the average monthly rental charges.

Auditor's Recommendation: The PHA should strive to reduce its accounts receivable to an acceptable level.

Current Status: Tenant accounts receivable have been reduced but they continue to exceed HUD recommended levels. Part of the reduction was obtained by writing off \$22,556.51 in collection losses.

**98-2 TENANT ACCOUNTING**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850

Condition and Criteria: The PHA's tenant accounting records do not agree with the general ledger. At September 30, 1998, the general ledger indicates a balance of tenants accounts receivable of \$8,673.95. The rental register indicates a balance of \$13,815.92. The tenants' security deposit records are incomplete.

Auditor's Recommendation: The PHA should implement a system to ensure that all balances are recorded properly.

Current Status: Corrective Action was taken.

**98-3 NO PHYSICAL INVENTORY OF FIXED ASSETS AND MAINTENANCE MATERIALS**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850

Condition and Criteria: The PHA does not have an annual physical inventory that agrees with its general ledger. The PHA should conduct an annual inventory of fixed assets and maintenance materials on an annual basis.

Auditor's Recommendation: The PHA should conduct an annual inventory of fixed assets and maintenance materials. These inventories should be reconciled to the general ledger.

Current Status: During the fiscal year ending September 30, 1999, the PHA conducted an annual inventory of fixed assets and maintenance materials. While these amounts were reconciled to the general ledger, there continues to be amounts classified as equipment in the modernization records. The PHA has adjusted all of their old modernization projects to agree with amounts advanced by HUD through LOCCS. As a result, some items included in construction in progress should not be capitalized. See current Schedule of findings for additional information.

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Summary Schedule of Prior Audit Findings  
Year Ended September 30, 1999**

**98-4 TENANT FILES**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850**

**Condition and Criteria:** Our review of ten tenant files revealed significant improvement over the prior year. Since the PHA recertified all tenants effective September 1, 1998, we tested rents charged during September 1998. Our review of the ten files indicated an unsigned Form 9886 and undocumented income in one file and a rent calculation error in another file. We also noted three families who were housed in an inappropriate unit size.

Our review revealed that all units had been overdue for reexamination. Some units had not been recertified since 1989. During September 1998, we noted an increase in monthly rental charges of approximately \$9,500.00. Due to the overdue re-exams and the significant increase in rents, we are unable to place any reliance on the first eleven months of the year. As a result, we are unable to satisfy ourselves as to the completeness of rent and we are unable to express an opinion.

**Auditor's Recommendation:** The PHA should continue to conduct re-examinations of all tenants.

**Current Status:** Corrective Action was taken.

**98-5 INSURANCE POLICIES**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850**

**Condition and Criteria:** During the fiscal year ending September 30, 1998, the PHA apparently allowed the insurance policies of the PHA to lapse.

**Auditor's Recommendation:** The PHA should ensure that all policies are kept current.

**Current Status:** Corrective Action was taken.

**98-6 UNDOCUMENTED EXPENDITURES**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850,14.859**

**Condition and Criteria:** We were unable to obtain proper documentation for numerous checks. Some checks were paid from a statement and not an invoice. As a result, we were unable to determine the exact nature of all purchases.

The undocumented or inadequately documented expenditures included utility bills, gasoline bills, office and maintenance supplies, modernization expenditures, terminal leave payments, PHDEP expenditures, equipment purchases, payroll taxes, etc.

We noted three checks on May 28, 1998 to the IRS that totaled \$52,766.67 for unpaid payroll taxes. We also noted a \$14,743.25 check for unpaid retirement contributions. In addition to these payments to the IRS, we noted a payment to the IRS on October 26, 1998 for \$65,595.24 in unpaid payroll taxes. The PHA is trying to research these areas to ensure that an overpayment was not made. Amended payroll taxes have been and are being prepared by the PHA. At September 30, 1998, we were not able to determine the amount owed for unpaid payroll taxes.

We did note improvement in documentation of all expenditures as the year progressed. We also could not locate bids for some equipment purchases and contracts.

**Housing Authority of St. James Parish  
Lutcher, Louisiana**

**Summary Schedule of Prior Audit Findings (Continued)  
Year Ended September 30, 1999**

The PHA was also audited by the Inspector General for Audit regarding its Public Housing Drug Elimination Program. The report stated that the PHA did not properly administer the program. We have not recorded the amounts possibly owed back to HUD as a result of this audit.

Auditor's Recommendation: The PHA should retain all documentation to support each disbursement.

Current Status: See current schedule of findings.

**98-7 BUDGET OVERRUNS**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CFDA#14.850**

Condition and Criteria: The PHA exceeded budgeted amounts in several categories. The budget should be used to monitor spending and determine necessary expenditures. Significant overages include:

	<u>Budget</u>	<u>Actual</u>
Sundry Administrative	\$ 17,500.00	\$ 61,053.74
Maintenance Salaries	126,602.00	174,699.02
Other Maintenance Costs	50,000.00	77,224.67
Insurance	103,480.00	120,892.08
Capital Expenditures	59,694.00	68,184.94

Cause: The PHA's internal control system apparently is not adequate to monitor spending.

Auditor's Recommendation: The PHA should strictly adhere to its budget.

Current Status: The PHA exceeded their budget for the fiscal year ending September 30, 1999. See the current schedule of findings.