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44

4098

March 21, 2018

Daryl Purpera, CPA, CFE
Legislative Auditor
Louisiana Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Revised Audit Report for the Housing Authority of the Parish of St. James for fiscal year ended September 30, 2016

Dear Mr. Purpera:

Enclosed is the revised audit report for the Housing Authority of the Parish of St. James for fiscal year ended September 30, 2016. It was noted by Allen, Green and Williamson, LLP that the Housing Authority was incorrectly listed as a low-risk auditee in the previously issued report. Although the low-risk auditee status was incorrectly reported, the required 40% of federal awards were tested. Therefore, the following changes were made:

- The independent auditor's report in the Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance required by the Uniform Guidance, pages 37-39:
 - On page 38, additional wording was added to the "Other Matters" section explaining the purpose of the report revision.
 - On page 39, the letter was dual dated for the correction made.
- The Summary of Auditor's Results, page 42, was corrected to "The auditee does *not* qualify as a low-risk auditee under the Uniform Guidance."

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

Amy B. Tynes, CPA, CFE
Partner

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 MAY 23 2018

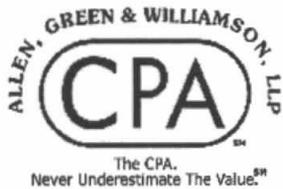
REISSUE

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

**Annual Financial Report
As of and for the Year Ended September 30, 2016**

**Housing Authority of the Parish of St. James
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Parish of St. James
Lutcher, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Parish of St. James as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying supplementary information, as listed in the table of contents, which includes the financial data schedule, required by the United States Department of Housing and Urban Development, and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, which includes the financial data schedule, required by the United States Department of Housing and Urban Development, and the schedule of expenditures of federal awards, as required by the Uniform Guidance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, which includes the financial data schedule, required by the United States Department of Housing and Urban Development and the schedule of expenditures of federal awards, as required by the Uniform Guidance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 27, 2017

Housing Authority of the Parish of St. James

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2016**

The St. James Parish Housing Authority hereinafter referred to as "the Authority" management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the Authority's financial activity; (c) identify changes in the Authority's financial position; and, (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's Net Position decreased by \$269,405 during 2016. Net Position was \$4,380,165 and \$4,649,570 for 2016 and 2015, respectively.
- Revenues, excluding capital grants, increased by \$190,439. Revenues were \$2,144,885 and \$1,954,446 for 2016 and 2015, respectively.
- The total expenses for all Authority programs increased by \$180,502. Total expenses were \$2,501,208 and \$2,320,706 for 2016 and 2015 respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Supplementary Information":

**Required Supplementary Information
Management's Discussion & Analysis (MD&A)**

Basic Financial Statements

**Authority-wide Financial Statements
Notes to the Basic Financial Statements**

Supplementary Information

**Schedule of Compensation, Benefits and Other Payments to Agency Head
Schedule of Compensation Paid Board Members
Financial Data Schedule**

The primary focus of the Authority's financial statements is on the Authority as a whole. This allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2016**

Fund Financial Statements

These Statements include a Statement of Net Position which reports all financial and capital resources for the Authority. The statement is presented in the format where assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources equals "Net Position", formerly known as equity. Assets, liabilities and deferred outflows and inflows of resources are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

Net Investment in Capital Assets: This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of net position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of net position that do not meet the definition of "Net Investment in Capital Assets," or "Restricted Net Position".

The financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, and maintenance, and depreciation, and non-operating revenue and expenses, such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position", which is similar to net income or loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, capital and related financing activities, and from investing activities.

The Authority uses the enterprise fund basis for accounting, which utilizes the full accrual basis. The enterprise method of accounting is similar to accounting used by the private sector for accounting.

The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2016**

FINANCIAL STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1

STATEMENT OF NET POSITION

	2016	2015	Variance
Other Assets	\$ 1,222,414	\$ 970,790	\$ 251,624
Capital Assets	3,418,126	3,861,643	(443,517)
Total Assets	<u>4,640,540</u>	<u>4,832,433</u>	<u>(191,893)</u>
Other Liabilities	177,439	95,144	82,295
Long-Term Liabilities	82,936	87,719	(4,783)
Total Liabilities	<u>260,375</u>	<u>182,863</u>	<u>77,512</u>
Net Position:			
Net Investment in Capital Assets	3,418,126	3,861,643	(443,517)
Restricted	22,594	-	22,594
Unrestricted	939,445	787,927	151,518
Total Net Position	<u>\$ 4,380,165</u>	<u>\$ 4,649,570</u>	<u>\$ (269,405)</u>

Major Factors Affecting the Statement of Net Position

Other assets increased by \$251,624 as of September 30, 2016 mainly because receivables for the fiscal year increased due to an excess of revenues earned in relation to expenses incurred as well as an increase in restricted assets. Within the other assets increase, there was an increase of \$91,180 in restricted current assets because insurance proceeds were received for fire loss damages, but were not fully spent as of the end of the fiscal year causing the increase in restricted cash.

Total liabilities increased by \$77,512 because of a casualty loss invoice that was accrued at year end in excess of \$50,000 and an increase in current portion of accrued compensated absences liability.

Net capital assets decreased by \$443,517. The components of capital assets changed, including a net decrease of \$570,928 for depreciation and a net increase of \$127,411 for building improvements and administrative equipment additions.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2016**

Table 2 presents details on the change in Unrestricted Net Position.

**TABLE 2
CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net Position as of September 30, 2015	\$ <u>787,927</u>
Results from Operations	(554,352)
Adjustments:	
Depreciation (1)	570,928
Funding Provided for Capital Grants (2)	86,918
Interest Earned on Operations	343
Capital Asset Purchases	(127,411)
Change in Restriction for Modernization from Insurance Proceeds	<u>175,092</u>
Adjusted Results from Operations	<u>151,518</u>
Unrestricted Net Position as of September 30, 2016	<u>\$ 939,445</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (2) Funding provided for capital grant hard costs, pursuant to GASB 33, is reported as revenue. However, the revenue is absorbed by the associated capital purchases and therefore does not increase Unrestricted Net Position.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer measure in financial well being.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2016**

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	2016	2015	Variance
Revenues			
Tenant Revenue – Rents and Other	\$ 655,800	\$ 621,604	\$ 34,196
Operating Subsidies and Grants	1,257,958	1,216,738	41,220
Capital Grants	86,918	94,955	(8,037)
Other Revenues	231,127	116,104	115,023
Total Revenue	<u>2,231,803</u>	<u>2,049,401</u>	<u>182,402</u>
Expenses			
Administration	588,581	543,429	45,152
Tenant services	208,758	217,895	(9,137)
Utilities	138,341	152,955	(14,614)
Ordinary maintenance and operations	511,595	488,775	22,820
General expenses	274,560	339,967	(65,407)
Nonroutine maintenance	208,445	-	208,445
Depreciation	570,928	577,685	(6,757)
Total Expenses	<u>2,501,208</u>	<u>2,320,706</u>	<u>180,502</u>
Net Increase (Decrease)	<u>\$ (269,405)</u>	<u>\$ (271,305)</u>	<u>\$ 1,900</u>

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Position

Total revenues increased by \$182,402, mainly due to insurance proceeds that were received during the fiscal year totaling \$197,686.

Total expenses increased \$180,502 from 2015 to 2016 mainly due to casualty loss expenses incurred during the fiscal year totaling \$194,845.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the end of 2016 the Authority had \$3,418,126 invested in a variety of capital assets as reflected in the following schedule.

TABLE 4

**CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	2016	2015
Land	\$ 554,522	\$ 554,522
Buildings	15,573,835	15,446,424
Furniture and Equipment	312,062	332,600
Accumulated Depreciation	(13,022,293)	(12,471,903)
Total	\$ 3,418,126	\$ 3,861,643

The capital assets had an increase in buildings by \$127,411 and a decrease in furniture and equipment by \$20,538. Accumulated depreciation also increased by \$550,390, due to a net increase from current year depreciation less the disposal of administrative equipment.

The following reconciliation summarizes the change in capital assets.

TABLE 5

CHANGE IN CAPITAL ASSETS

	Business Activities
Beginning Balance	\$ 3,861,643
Additions, Net of Retirements	106,873
Depreciation and Amortization	(550,390)
Ending Balance	\$ 3,418,126

Debt

Other than routine payables, accrued liabilities and compensated absences, the Authority did not have debt outstanding as of September 30, 2015 or 2016.

**Housing Authority of the Parish of St. James
Management's Discussion and Analysis
September 30, 2016**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Dana Groover, Executive Director of the St. James Parish Housing Authority, at (225) 869-3278. Specific requests may be submitted to the St. James Parish Housing Authority, 2627 North King Avenue, Litcher, Louisiana, 70071.

Housing Authority of the Parish of St. James

BASIC FINANCIAL STATEMENTS

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

**ENTERPRISE FUNDS
Statement of Net Position
September 30, 2016**

Statement A

ASSETS

Current Assets	
Cash and cash equivalents	\$ 708,564
Accounts receivable, net	288,289
Prepaid items and other assets	48,418
Inventory	32,987
Restricted Assets	
FSS escrow	22,112
Modernization from insurance proceeds	82,292
Resident deposits	<u>39,752</u>
Total Current Assets	1,222,414
Capital Assets	
Land, buildings, and equipment (net)	<u>3,418,126</u>
TOTAL ASSETS	<u>4,640,540</u>

LIABILITIES

Current Liabilities	
Accounts and other payables	97,671
Unearned revenue	3,904
Current portion of compensated absences payable	36,112
Current Liabilities Payable From Current Restricted Assets	
Deposits due others	<u>39,752</u>
Total Current Liabilities	<u>177,439</u>
Noncurrent Liabilities	
FSS escrow liability	22,112
Compensated absences payable	<u>60,824</u>
Total noncurrent Liabilities	<u>82,936</u>
TOTAL LIABILITIES	<u>260,375</u>

NET POSITION

Net investment in capital assets	3,418,126
Restricted for modernization from insurance proceeds	22,594
Unrestricted	<u>939,445</u>
NET POSITION	<u>\$ 4,380,165</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

ENTERPRISE FUNDS
Statement of Revenues, Expenses,
and Changes in Fund Net Position
For the Year Ended September 30, 2016

	Statement B
OPERATING REVENUES	
Dwelling rental	\$ 655,800
Federal grants	1,257,958
Other income	<u>33,098</u>
Total operating revenues	<u>1,946,856</u>
OPERATING EXPENSES	
Administration	588,581
Tenant services	208,758
Utilities	138,341
Ordinary maintenance & operations	511,595
General expenses	274,560
Nonroutine maintenance	208,445
Depreciation	<u>570,928</u>
Total operating expenses	<u>2,501,208</u>
Income (loss) from Operations	<u>(554,352)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	343
Miscellaneous revenue (expense)	<u>197,686</u>
Total nonoperating revenues (expenses)	<u>198,029</u>
Net income (Loss) before capital contributions	(356,323)
Capital contributions	<u>86,918</u>
Change in net position	(269,405)
NET POSITION AT BEGINNING OF YEAR	<u>4,649,570</u>
NET POSITION AT END OF YEAR	<u>\$ 4,380,165</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended September 30, 2016**

	Statement C
CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 657,996
Other receipts	33,158
Federal grants	1,129,305
Payments to employees	(563,336)
Payments to vendors	(1,291,125)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(34,002)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase capital assets	(127,411)
Insurance proceeds from capital expenditures	197,686
Capital contributions	86,918
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>157,193</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Interest and dividends	343
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>343</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	123,534
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>729,186</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>852,720</u></u>
Reconciliation to Financial Statements:	
Cash and cash equivalents	708,564
Restricted cash - FSS escrow	22,112
Restricted cash - Modernization from insurance proceeds	82,292
Restricted cash - Resident deposits	39,752
Total cash and cash equivalents	<u><u>852,720</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	(554,352)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	570,928
Change in assets and liabilities:	
Receivables, net	(126,487)
Prepaid items	(659)
Inventory	(944)
Accounts payables	67,220
FSS escrow	9,589
Security deposits	(701)
Unearned revenue	791
Compensated absences	613
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (34,002)</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2016

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Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the Parish of St. James (the Housing Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing authorities are chartered as public corporations under the laws LSA-R.S. 40:391 of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five-member board of commissioners.

The Housing Authority has the following units:

	<u># of Units</u>
PHA Owned Housing	318

GASB Standards establish criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these Statements, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various resident associations which are legally separate entities.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Housing Authority are classified as proprietary.

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The general fund accounts for the transactions of the public housing low rent program, the capital fund program, resident opportunity and supportive services and public housing family self-sufficiency under ROSS.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2016

focus, all assets, all liabilities and all deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority's funds are federal grants received for operations and rent and maintenance charges to residents. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. INVESTMENTS Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The Housing Authority reports at amortized cost money market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits and short term investments with original maturities of 90 days or less from the date of acquisition. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVENTORY AND PREPAID ITEMS All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the consumption method.

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

G. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2016

Straight line depreciation is used based on the following estimated useful lives:

Site improvements	10 years
Original development costs	27.5 years
Equipment	3 – 7 years

H. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Most employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. However, the Executive Director is considered an unclassified employee with the Louisiana Civil Service and is able to obtain full balance of annual leave upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

I. RESTRICTED NET POSITION Net Position is reported as restricted when constraints placed on Net Position use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

It is the Housing Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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

NOTE 2 - DEPOSITS AND INVESTMENTS At September 30, 2016, the Housing Authority has cash and cash equivalents of \$852,720 as follows:

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk: At year end, the Housing Authority's carrying amount of deposits was \$852,720 (which includes restricted cash of \$22,112 for FSS escrow, \$82,292 for modernization from insurance proceeds, and \$39,752 for resident security deposits) and the bank balance was \$748,896. Of the bank balance, \$341,734 was covered by federal depository insurance or by collateral held by the Housing Authority's agent in the Housing Authority's name. The remaining balance of \$407,162 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3 Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. The Housing Authority's policy is to have deposits 100% collateralized at all times.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2016

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority's policy does not address credit rate risk.

NOTE 3 - RECEIVABLES The receivables net of allowance for doubtful accounts at September 30, 2016, are as follows:

<u>Class of Receivables</u>	
Tenants, net of allowance of \$32	\$ 5,647
Notes, net of allowance of \$5,000	-
Fraud Recovery, net of allowance of \$9,711	-
HUD	282,642
Total	<u>\$ 288,289</u>

NOTE 4 - CAPITAL ASSETS The changes and balances at September 30, 2016 in capital assets are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Capital asset not being depreciated				
Land	\$ 554,522	\$ -	\$ -	\$ 554,522
Total capital assets not being depreciated	<u>554,522</u>	<u>-</u>	<u>-</u>	<u>554,522</u>
Capital assets being depreciated				
Buildings & improvements	15,446,424	127,411	-	15,573,835
Furniture and equipment	332,600	-	20,538	312,062
Total capital assets being depreciated	<u>15,779,024</u>	<u>127,411</u>	<u>20,538</u>	<u>15,885,897</u>
Less accumulated depreciation				
Buildings & improvements	12,226,860	542,840	-	12,769,700
Furniture and equipment	245,043	28,088	20,538	252,593
Total accumulated depreciation	<u>12,471,903</u>	<u>570,928</u>	<u>20,538</u>	<u>13,022,293</u>
Total capital assets being depreciated, net	<u>3,307,121</u>	<u>(443,517)</u>	<u>-</u>	<u>2,863,604</u>
Capital assets, net	<u>\$ 3,861,643</u>	<u>\$ (443,517)</u>	<u>\$ -</u>	<u>\$ 3,418,126</u>

NOTE 5 - RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal Local Agency Retirement Plan. The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 8.5 percent of each participant's basic (excludes overtime) compensation. The covered employee contributes 6 percent of basic compensation. The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority. The Housing Authority's total payroll for year ended September 30, 2016 was \$565,476. The Housing Authority's contributions were calculated using the base salary amount of \$469,622. The Housing Authority made the required

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2016

contributions of \$39,959, which was recognized as expense for the fiscal year. The covered employees made the required contributions of \$28,207 for the year ended September 30, 2016. The Housing Authority reported \$20,392 in forfeitures for the fiscal year ended September 30, 2016.

NOTE 6 - ACCOUNTS AND OTHER PAYABLES The account payables balances at September 30, 2016, are as follows:

Vendors	\$ 7,897
Contracts	59,698
Payroll related liabilities	9,484
Resident council	16,185
Utilities	4,407
Total	\$ 97,671

NOTE 7 - COMPENSATED ABSENCES At September 30, 2016, employees of the Housing Authority have accumulated and vested \$96,936 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made. Following is a summary of the compensated absence transactions for the year:

Balance, Beginning	\$ 96,323
Additions	36,725
Deductions	36,112
Balance, Ending	96,936
Amount Due in One Year	\$ 36,112

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in any litigation.

Construction Projects There are certain major construction projects in progress at September 30, 2016. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred. The Housing Authority had an ongoing project due to fire damage of 4 units. The total contract was \$214,913, in which \$83,577 was outstanding at September 30, 2016 fiscal year end.

Grant Disallowances The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants.

NOTE 9 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance. The amounts of insurance settlements have not exceeded insurance coverage for any of the past three years.

Housing Authority of the Parish of St. James
Notes to the Financial Statements
September 30, 2016

NOTE 10 - ECONOMIC DEPENDENCY The Housing Authority is economically dependent on the funding provided by the U. S. Department of Housing and Urban Development. The U. S. Department of Housing and Urban Development provided \$1,344,876 to the Housing Authority, which represents approximately 60% of the Housing Authority's total revenue for the year.

NOTE 11 - INSURANCE RECOVERIES In November 2015, a Housing Authority building containing four units sustained substantial fire damage. During the fiscal year, the Housing Authority received \$197,686 in insurance proceeds, which are reported as miscellaneous nonoperating revenues. The Housing Authority is expected to receive additional insurance proceeds once the repairs are completed.

NOTE 12 - TAX CREDIT APPROVAL AND RAD CONVERSION In March 2015, the Authority submitted an application for approval from the U.S. Department of Housing and Urban Development (HUD) for Rental Assistance Demonstration (RAD) Conversion for the Vacherie Housing AMP, which consists of Vacherie, Baytree and St. James-Hymel complexes, and the Oscar Brooks Housing AMP, which consists of Oscar Brooks, Convent and Central complexes. In addition to the RAD application, the Authority submitted applications to the Louisiana Housing Corporation (LHC) for tax credits. In June 2015, the Authority received HUD's Commitment to Enter into a Housing Assistance Payment (CHAP) for the RAD Conversion and in July 2015, the Authority received notification that the tax credit applications were approved. However, the Housing Authority did not sign the 2015 Carryover Allocation Agreement with the Louisiana Housing Corporation until December 2015.

The RAD Conversion will allow the Authority to convert the public housing developments to a Section 8 platform, by transferring ownership of the developments to a for-profit corporation. However, the developments will be maintained for low-income households. The tax credits will allow the Authority to renovate the developments to increase the marketability of the units for the RAD Conversion. No transactions had taken place during the fiscal year ended September 30, 2016 for the full conversion process nor were any tax-credit monies received.

NOTE 13 - SUBSEQUENT EVENTS In the January 2017 board meeting, the Housing Authority approved and accepted the 2016 Capital Fund Emergency Grant in the amount of \$418,095 for the Central Housing Complex to help cover storm damage incurred this past fiscal year as well as to make improvements to the sewer treatment system.

Housing Authority of the Parish of St. James

SUPPLEMENTARY INFORMATION

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
September 30, 2016**

Agency Head Name: Dana S. Groover, Executive Director

Purpose	Amount
Salary	\$120,320
Benefits-insurance	6,942
Benefits-retirement	14,298
Cell phone	1,032
Car allowance	1,050
Vehicle provided by government	600
Per diem	2,242
Reimbursements	272
Travel	
Registration fees	2,562
Conference travel	
Continuing professional education fees	
Housing	
Dues	
Special meals	

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Compensation Paid Board Members
September 30, 2016**

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

Florian Oubre, Chairman

Lameka Williams-Gaines

Leo McQueen

Adam Koenig, Vice Chairman

Youlander Williams

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Financial Data Schedule
As of and For the Year Ended September 30, 2016**

Submission Type: Audited/Single Audit

	Project Total	14,870 Resident Opportunity and Supportive Services	14,877 Public Housing Family Self- Sufficiency under ROSS	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$708,564			\$708,564		\$708,564
112 Cash - Restricted - Modernization and Development	\$82,292			\$82,292		\$82,292
113 Cash - Other Restricted	\$22,112			\$22,112		\$22,112
114 Cash - Tenant Security Deposits	\$39,752			\$39,752		\$39,752
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$852,720	\$0	\$0	\$852,720	\$0	\$852,720
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$270,295	\$7,359	\$4,988	\$282,642		\$282,642
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants	\$5,679			\$5,679		\$5,679
126.1 Allowance for Doubtful Accounts - Tenants	-\$32			-\$32		-\$32
126.2 Allowance for Doubtful Accounts - Other	-\$5,000	\$0	\$0	-\$5,000		-\$5,000
127 Notes, Loans, & Mortgages Receivable - Current	\$5,000			\$5,000		\$5,000
128 Fraud Recovery	\$9,711			\$9,711		\$9,711
128.1 Allowance for Doubtful Accounts - Fraud	-\$9,711			-\$9,711		-\$9,711
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$275,942	\$7,359	\$4,988	\$288,289	\$0	\$288,289
131 Investments - Unrestricted						
132 Investments - Restricted						
142 Prepaid Expenses and Other Assets	\$47,173	\$659	\$586	\$48,418		\$48,418
143 Inventories	\$36,652			\$36,652		\$36,652
143.1 Allowance for Obsolete Inventories	-\$3,665			-\$3,665		-\$3,665
144 Inter Program Due From	\$11,490			\$11,490	-\$11,490	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$1,220,312	\$8,018	\$5,574	\$1,233,904	-\$11,490	\$1,222,414
161 Land	\$554,522			\$554,522		\$554,522
162 Buildings	\$15,573,835			\$15,573,835		\$15,573,835
163 Furniture, Equipment & Machinery - Dwellings						
164 Furniture, Equipment & Machinery - Administration	\$312,062			\$312,062		\$312,062
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$13,022,293			-\$13,022,293		-\$13,022,293
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,418,126	\$0	\$0	\$3,418,126	\$0	\$3,418,126
171 Notes, Loans and Mortgages Receivable - Non-Current						
174 Other Assets						
180 Total Non-Current Assets	\$3,418,126	\$0	\$0	\$3,418,126	\$0	\$3,418,126
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$4,638,438	\$8,018	\$5,574	\$4,652,030	-\$11,490	\$4,640,540

(Continued)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Financial Data Schedule
As of and For the Year Ended September 30, 2016**

Submission Type: Audited/Single Audit

	Project Total	14.870 Resident Opportunity and Supportive Services	14.877 Public Housing Family Self- Sufficiency under ROSS	Subtotal	ELIM	Total
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$12,268	\$36		\$12,304		\$12,304
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$7,418	\$1,033	\$1,033	\$9,484		\$9,484
322 Accrued Compensated Absences - Current Portion	\$36,112			\$36,112		\$36,112
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits	\$39,752			\$39,752		\$39,752
342 Unearned Revenue	\$3,904			\$3,904		\$3,904
345 Other Current Liabilities						
346 Accrued Liabilities - Other	\$75,883			\$75,883		\$75,883
347 Inter Program - Due To		\$6,949	\$4,541	\$11,490	-\$11,490	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$175,337	\$8,018	\$5,574	\$188,929	-\$11,490	\$177,439
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other	\$22,112			\$22,112		\$22,112
354 Accrued Compensated Absences - Non Current	\$60,824			\$60,824		\$60,824
350 Total Non-Current Liabilities	\$82,936	\$0	\$0	\$82,936	\$0	\$82,936
300 Total Liabilities	\$258,273	\$8,018	\$5,574	\$271,865	-\$11,490	\$260,375
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$3,418,126			\$3,418,126		\$3,418,126
511.4 Restricted Net Position	\$22,594			\$22,594		\$22,594
512.4 Unrestricted Net Position	\$939,445	\$0	\$0	\$939,445		\$939,445
513 Total Equity - Net Assets / Position	\$4,380,165	\$0	\$0	\$4,380,165	\$0	\$4,380,165
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,638,438	\$8,018	\$5,574	\$4,652,030	-\$11,490	\$4,640,540

(Continued)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Financial Data Schedule
As of and For the Year Ended September 30, 2016**

Submission Type: Audited/Single Audit

	Project Total	14.870 Resident Opportunity and Supportive Services	14.877 Public Housing Family Self-Sufficiency under ROSS	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$593,116			\$593,116		\$593,116
70400 Tenant Revenue - Other	\$62,684			\$62,684		\$62,684
70500 Total Tenant Revenue	\$655,800	\$0	\$0	\$655,800	\$0	\$655,800
70600 HUD PHA Operating Grants	\$1,106,141	\$86,193	\$65,624	\$1,257,958		\$1,257,958
70610 Capital Grants	\$86,918			\$86,918		\$86,918
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70700 Total Fee Revenue				\$0	\$0	\$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$343			\$343		\$343
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	\$5,738			\$5,738		\$5,738
71500 Other Revenue	\$27,360			\$27,360		\$27,360
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,882,300	\$86,193	\$65,624	\$2,034,117	\$0	\$2,034,117
91100 Administrative Salaries	\$288,800			\$288,800		\$288,800
91200 Auditing Fees	\$23,375			\$23,375		\$23,375
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing	\$968			\$968		\$968
91500 Employee Benefit contributions - Administrative	\$97,158			\$97,158		\$97,158
91600 Office Expenses	\$74,871	\$13,063		\$87,934		\$87,934
91700 Legal Expense	\$11,890			\$11,890		\$11,890
91800 Travel	\$31,417			\$31,417		\$31,417
91810 Allocated Overhead						
91900 Other	\$47,039			\$47,039		\$47,039
91000 Total Operating - Administrative	\$575,518	\$13,063	\$0	\$588,581	\$0	\$588,581
92000 Asset Management Fee						
92100 Tenant Services - Salaries	\$29,183	\$53,478	\$45,051	\$127,712		\$127,712
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$9,510	\$16,796	\$15,293	\$41,599		\$41,599
92400 Tenant Services - Other	\$39,447			\$39,447		\$39,447
92500 Total Tenant Services	\$78,140	\$70,274	\$60,344	\$208,758	\$0	\$208,758
93100 Water	\$5,651			\$5,651		\$5,651
93200 Electricity	\$67,487			\$67,487		\$67,487
93300 Gas	\$1,852			\$1,852		\$1,852
93600 Sewer	\$63,351			\$63,351		\$63,351

(Continued)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Financial Data Schedule
As of and For the Year Ended September 30, 2016**

Submission Type: Audited/Single Audit

	Project Total	14.870 Resident Opportunity and Supportive Services	14.877 Public Housing Family Self-Sufficiency under ROSS	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$138,341	\$0	\$0	\$138,341	\$0	\$138,341
94100 Ordinary Maintenance and Operations - Labor	\$148,964			\$148,964		\$148,964
94200 Ordinary Maintenance and Operations - Materials and Other	\$124,691			\$124,691		\$124,691
94300 Ordinary Maintenance and Operations Contracts	\$189,403			\$189,403		\$189,403
94500 Employee Benefit Contributions - Ordinary Maintenance	\$48,537			\$48,537		\$48,537
94000 Total Maintenance	\$511,595	\$0	\$0	\$511,595	\$0	\$511,595
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$114,410			\$114,410		\$114,410
96120 Liability Insurance	\$26,009			\$26,009		\$26,009
96130 Workmen's Compensation	\$21,070			\$21,070		\$21,070
96140 All Other Insurance	\$22,975			\$22,975		\$22,975
96100 Total insurance Premiums	\$184,464	\$0	\$0	\$184,464	\$0	\$184,464
96200 Other General Expenses	\$9,827			\$9,827		\$9,827
96210 Compensated Absences	\$51,280	\$2,856	\$5,280	\$59,416		\$59,416
96300 Payments in Lieu of Taxes						
96400 Bad debt - Tenant Rents	\$20,853			\$20,853		\$20,853
96500 Bad debt - Mortgages						
96000 Total Other General Expenses	\$81,960	\$2,856	\$5,280	\$90,096	\$0	\$90,096
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,570,018	\$86,193	\$65,624	\$1,721,835	\$0	\$1,721,835
97000 Excess of Operating Revenue over Operating Expenses	\$312,282	\$0	\$0	\$312,282	\$0	\$312,282
97100 Extraordinary Maintenance	\$13,600			\$13,600		\$13,600
97200 Casualty Losses - Non-capitalized	\$194,845			\$194,845		\$194,845
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$570,928			\$570,928		\$570,928
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$2,349,391	\$86,193	\$65,624	\$2,501,208	\$0	\$2,501,208

(Continued)

**Housing Authority of the Parish of St. James
Lutcher, Louisiana
Financial Data Schedule
As of and For the Year Ended September 30, 2016**

Submission Type: Audited/Single Audit

	Project Total	14,870 Resident Opportunity and Supportive Services	14,877 Public Housing Family Self-Sufficiency under ROSS	Subtotal	ELIM	Total
10010 Operating Transfer In	\$120,916			\$120,916	-\$120,916	\$0
10020 Operating transfer Out	-\$120,916			-\$120,916	\$120,916	\$0
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss	\$197,686			\$197,686		\$197,686
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$197,686	\$0	\$0	\$197,686	\$0	\$197,686
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$269,405	\$0	\$0	-\$269,405	\$0	-\$269,405
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$4,649,570	\$0	\$0	\$4,649,570		\$4,649,570
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0		\$0
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	3410			3410		3410
11210 Number of Unit Months Leased	3323			3323		3323
11270 Excess Cash	\$729,577			\$729,577		\$729,577
11610 Land Purchases	\$0			\$0		\$0
11620 Building Purchases	\$86,918			\$86,918		\$86,918
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0		\$0
11650 Leasehold Improvements Purchases	\$0			\$0		\$0
11660 Infrastructure Purchases	\$0			\$0		\$0
13510 CFFP Debt Service Payments	\$0			\$0		\$0
13901 Replacement Housing Factor Funds	\$0			\$0		\$0

(Concluded)



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

Independent Auditor's Report

Board of Commissioners
Housing Authority of the Parish of St. James
Lutcher, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Parish of St. James, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Housing Authority of the Parish of St. James and have issued our report thereon dated March 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

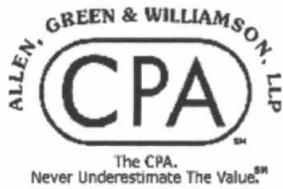
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 27, 2017



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Report on Compliance For Each Major Federal Program; And Report on Internal Control Over Compliance; Required by the Uniform Guidance

Independent Auditor's Report

Board of Commissioners
Housing Authority of the Parish of St. James
Lutcher, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Parish of St. James's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended September 30, 2016. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

The Housing Authority's response to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan for Current Year Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

This report is replacing the previously issued report dated March 27, 2017 due to a correction of error in the accompanying Summary of Auditor's Results. The auditor reported that the auditee qualified as a low-risk auditee under the Uniform Guidance; however, the auditee does not qualify as a low-risk auditee. Therefore, this report is revising the Summary of the Auditor's Results to correctly reflect the low-risk auditee status.

Report on Internal Control Over Compliance

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, that we consider to be a significant deficiency.

The Housing Authority's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan for Current Year Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 27, 2017 except for Summary of Auditor's Results
for which the date is March 20, 2018

**Housing Authority of the Parish of St. James
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016**

FEDERAL GRANTOR	<u>CFDA Number</u>	<u>Pass-through Grantor No.</u>	<u>Expenditures</u>
United States Department of Housing and Urban Development			
Direct Programs:			
Public and Indian Housing			
Operating Subsidy	14.850	LA09200000115D, LA09200000215D, LA09200000116D, LA09200000216D	\$ 985,225
Public Housing Capital Fund Program	14.872	LA48P092501-13, LA48P092501-14, LA48P092501-15	207,834
Resident Opportunity and Supportive Services	14.870	LA092RPS082A013,	86,193
Public Housing Family Self Sufficiency	14.877	LA092FSH540A015, LA092FSH271A014	65,624
TOTAL FEDERAL AWARDS (Total Department of Housing and Urban Development)			<u>\$ 1,344,876</u>

Housing Authority of the Parish of St. James
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Housing Authority.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's financial statements. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's financial statements as follows:

Operating revenues - federal grants	\$ 1,257,958
Capital contributions	86,918
Total	\$ 1,344,876

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - FEDERAL AWARDS For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. Federal awards do not include the Housing Authority operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

NOTE 6 - INDIRECT COST RATE The Housing Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Housing Authority of the Parish of St. James
Schedule of Findings and Questioned Costs
As of and for the Year Ended September 30, 2016**

PART I - Summary of the Auditor's Results

Financial statement audit

- i. The type of audit report issued was unmodified.
- ii. There were no significant deficiencies required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There was one significant deficiency required to be disclosed by the Uniform Guidance (2 CFR 200). The significant deficiency was not considered to be a material weakness.
- v. The type of report the auditor issued on compliance for major programs was unmodified.
- vi. The audit disclosed one audit finding which the auditor is required to report under accordance with 2 CFR 200.516(a).
- vii. The major federal programs are:

CFDA# 14.850	Public and Indian Housing
--------------	---------------------------
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in in the Uniform Guidance was \$750,000.
- ix. The auditee does not qualify as a low-risk auditee under the Uniform Guidance.

**Housing Authority of the Parish of St. James
Schedule of Findings and Questioned Costs
As of and for the Year Ended September 30, 2016**

Part III – Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance:

Reference # and title: 2016-001 Reporting for the Public and Indian Housing Program

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Public and Indian Housing Program	14.850	2015

Criteria or specific requirement: Each Housing Authority that administers covered Public and Indian Housing assistance, regardless of the amount expended, must submit HUD-60002 information using the Section 3 Summary Reporting System (24 CFR sections 135.3(a)(1) and 135.90).

Condition found: The U. S. Department of Housing and Urban Development (HUD) had suspended the filing of the HUD Form 60002 for several years in order for the process to be updated. HUD had updated the HUD Form 60002 submission process for Housing Authorities to submit the reports electronically. The Housing Authorities were required file HUD Form 60002 for the 2013 and 2014 calendar years in December 2015 as well as the 2015 form in January 2016. Although the Housing Authority did submit the 2013 and 2014 calendar years, it was noted that the Housing Authority did not submit the HUD Form 60002 for 2015 until after the auditors had brought it to management’s attention.

Context: The Housing Authority provided all HUD Forms 60002 that were submitted during the fiscal year as well as after fiscal year end. Calendar years 2013, 2014 and 2016 HUD Forms 60002 were submitted; however the 2015 HUD Form 60002 was not submitted. Therefore, this is considered to be an isolated instance.

Possible asserted effect (cause effect):

Cause: The auditor was unable to determine the cause.

Effect: The Housing Authority did not meet all federal compliance requirements related to reporting.

Recommendations to prevent future occurrences: The Housing Authority should establish procedures to ensure all reporting requirements have been met.

View of responsible official: As stated the forms due for prior years 2013 and 2014 were submitted as required; however, due to the waiver from prior years there was an oversight in submitting the 2015 report in January 2016 and the form has since been submitted in the HUD system as well as the required. This was an oversight that has been corrected immediately. The 2016 report was submitted as required in January 2017.

**Housing Authority of the Parish of St. James
Summary of Prior Year Audit Findings and Questioned Costs
As of and for the Year Ended September 30, 2016**

Reference # and title: **2015-001** **Test of Resident Files**

Origination date: This finding originated fiscal year end September 30, 2015.

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTOR United States Department of Housing and Urban Development Public and Indian Housing Program	14.850	2014 and 2015

Condition: The Housing Authority must re-examine family income and composition at least once every 12 months and adjust the total rent as necessary according to 24 CFR sections 5.617 and 960.209. Changes in the rent calculation resulting from the re-examination should be reflected in the rental register. Each time the Housing Authority has an admission or re-examination, they are required to submit HUD form 50058 electronically to HUD. The resident files must contain the Form 50058 as well as the following pertinent information: social security cards, birth certificates, (or valid documentation of birth dates) and third party verifications of income, child care expenses and medical expenses. The resident files should also contain a signed HUD form 9886 annually by all adults within the household.

When testing twenty-five resident files, the following was noted:

- Two files had exceptions in which the food stamps were not excluded from income on the 50058.
- One file had an exception in which the income reported on the 50058 did not agree to supporting documentation.

Corrective action taken: Each of the three errors have been corrected and two resulted in rental credits to the residents rental accounts where the food stamps were not excluded as income and was a key punch error. Supervisory meetings were held with all applicable staff to discuss the errors and Quality Controls of random resident files have been performed. This finding is considered to be cleared.

**Housing Authority of the Parish of St. James
 Corrective Action Plan for Current Year Findings and Questioned Costs
 As of and for the Year Ended September 30, 2016**

Reference # and title: **2016-001** **Reporting for the Public and Indian Housing Program**

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Public and Indian Housing Program	14.850	2015

Condition: Each Housing Authority that administers covered Public and Indian Housing assistance, regardless of the amount expended, must submit HUD-60002 information using the Section 3 Summary Reporting System (24 CFR sections 135.3(a)(1) and 135.90).

The U. S. Department of Housing and Urban Development (HUD) had suspended the filing of the HUD Form 60002 for several years in order for the process to be updated. HUD had updated the HUD Form 60002 submission process for Housing Authorities to submit the reports electronically. The Housing Authorities were required file HUD Form 60002 for the 2013 and 2014 calendar years in December 2015 as well as the 2015 form in January 2016. Although the Housing Authority did submit the 2013 and 2014 calendar years, it was noted that the Housing Authority did not submit the HUD Form 60002 for 2015 until after the auditors had brought it to management's attention.

Corrective action plan: Report was submitted immediately and is currently reported in the HUD EIV system as well as the 2016 report submitted as required in January 2017.

Person responsible for corrective action plan:

Dana Groover, Executive Director	Telephone:	225-869-3278
P O Box 208	Fax:	225-869-8552
Lutcher, LA 70071		

Anticipated completion date: Completed, no further action required.