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**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

Reissued Audit

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

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 08-07-01

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

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FINANCIAL SECTION

Independent Auditors' Report

Board of Commissioners
Housing Authority of the Parish of East Carroll
P.O. Box 352
Lake Providence, LA 71254-0352

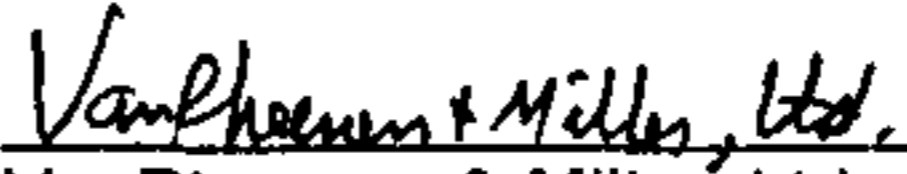
We were engaged to audit the accompanying general purpose and combining financial statements of Housing Authority of the Parish of East Carroll as of June 30, 1999, and for the year then ended, as listed in the table of contents. These general purpose and combining financial statements and the supplemental financial information - statutory basis referred to below are the responsibility of the authority's management.

As described more fully in the Schedule of Findings and Questioned Costs, we were unable to verify certain material account balances and documentation needed to properly conduct the audit was not available nor were we able to satisfy ourselves as to those financial activities by other auditing procedures.

Since we were unable to apply other auditing procedures to satisfy ourselves about the account balances and unavailable documentation, as discussed in the previous paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the general purpose and combining financial statements referred to in the first paragraph.

We were engaged to audit the general purpose and combining financial statements of Housing Authority of the Parish of East Carroll. As described in Note 1, the accompanying supplemental financial information - Statutory Basis was prepared in conformity with the accounting practices prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. As noted in the above paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Supplemental Financial Information-Statutory Basis.

December 16, 1999



VanRheenen & Miller, Ltd.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

	Governmental Fund Types		Account Groups		Memo Totals 1999
	Special Revenue	Capital Projects	General Fixed Assets	General Long-term Debt	
Assets and Other Debits					
Assets:					
Cash	\$ 24,390.95	\$ -	\$ -	\$ -	\$ 24,390.95
Accounts	5,740.57	-	-	-	5,740.57
Other governments	-	7,828.00	-	-	7,828.00
Due from other funds	34,634.24	-	-	-	34,634.24
Prepaid items	8,874.75	-	-	-	8,874.75
Restricted assets:					
Cash	6,257.45	-	-	-	6,257.45
Fixed assets	-	-	2,497,084.17	-	2,497,084.17
Other debits:					
Amount to be provided for retirement of general long term debt	-	-	-	89,618.49	89,618.49
Total Assets and Other Debits	\$ 79,897.96	\$ 7,828.00	\$ 2,497,084.17	\$ 89,618.49	\$ 2,674,428.62
Liabilities, Equity, and Other Credits					
Liabilities:					
Accounts payable:					
Trade	\$ 618.00	\$ -	\$ -	\$ -	\$ 618.00
Payroll taxes withheld and accrued	3,264.52	-	-	-	3,264.52
Security deposits	3,913.00	-	-	-	3,913.00
Due to other funds	26,806.24	7,828.00	-	-	34,634.24
Accrued PILOT	12,926.41	-	-	-	12,926.41
Fixed liabilities	-	-	-	89,618.49	89,618.49
Total liabilities	47,528.17	7,828.00	-	89,618.49	144,974.66
Equity and Other Credits:					
Investment in general fixed assets	-	-	2,497,084.17	-	2,497,084.17
Fund balances:					
Reserved for prepaids	8,874.75	-	-	-	8,874.75
Unreserved, undesignated	23,495.04	-	-	-	23,495.04
Total Equity and Other Credits	32,369.79	-	2,497,084.17	-	2,529,453.96
Total Liabilities, Equity and Other Credits	\$ 79,897.96	\$ 7,828.00	\$ 2,497,084.17	\$ 89,618.49	\$ 2,674,428.62

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

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

	<u>Governmental Fund Types</u>			<u>Memo Totals 1999</u>
	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Revenues:				
Rents	\$ 70,124.84	\$ -	\$ -	\$ 70,124.84
Operational subsidies/grants	39,805.00	-	24,359.00	64,164.00
Interest	856.25	-	-	856.25
Miscellaneous	24,366.47	-	-	24,366.47
Total Revenues	<u>135,152.56</u>	<u>-</u>	<u>24,359.00</u>	<u>159,511.56</u>
Expenditures:				
Current:				
Housing operations				
Administration	51,175.58	-	-	51,175.58
Tenant services	15.00	-	-	15.00
Utilities	5,567.26	-	-	5,567.26
Ordinary maintenance and operations	30,504.99	-	-	30,504.99
General expense:	27,332.92	-	-	27,332.92
Capital outlay	3,500.00	-	24,359.00	27,859.00
Debt service				
Principal	-	172.80	-	172.80
Interest	-	1,411.95	-	1,411.95
Total Expenditures	<u>118,095.75</u>	<u>1,584.75</u>	<u>24,359.00</u>	<u>144,039.50</u>
Other Financing Sources (Uses)				
Operating transfers in	-	1,584.75	-	1,584.75
Operating transfers out	(1,584.75)	-	-	(1,584.75)
Total Other Financing Sources (Uses)	<u>(1,584.75)</u>	<u>1,584.75</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Sources over (under) Expenditures and Uses	15,472.06	-	-	15,472.06
Fund balances, beginning of period	16,897.73	-	-	16,897.73
Fund Balance, end of period	<u>\$ 32,369.79</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,369.79</u>

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

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

	Special Revenue Funds		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Rents	\$ 54,878.00	\$ 70,124.84	\$ 15,246.84
Charges for services	800.00	-	(800.00)
Operational subsidies/grants	39,805.00	39,805.00	-
Interest	340.00	856.25	516.25
Miscellaneous	-	24,366.47	24,366.47
	<u>95,823.00</u>	<u>135,152.56</u>	<u>39,329.56</u>
Total Revenues			
Expenditures			
Current:			
Administrative salaries	18,968.00	25,215.69	(6,247.69)
Professional fees	6,790.00	10,285.00	(3,495.00)
Travel	4,000.00	1,128.00	2,872.00
Sundry administration	3,760.00	14,446.89	(10,686.89)
Tenant services	-	15.00	(15.00)
Utilities	3,630.00	5,567.26	(1,937.26)
Maintenance salaries	13,720.00	10,985.84	2,734.16
Maintenance materials	5,600.00	11,222.27	(5,622.27)
Other maintenance costs	2,820.00	8,296.88	(5,476.88)
Insurance	13,704.00	11,579.04	2,124.96
PILOT	380.00	3,916.31	(3,536.31)
Employee benefits	5,705.00	7,424.03	(1,719.03)
Miscellaneous	200.00	4,413.54	(4,213.54)
Capital expenditures	5,200.00	3,500.00	1,700.00
	<u>84,477.00</u>	<u>117,995.75</u>	<u>(33,518.75)</u>
Total Expenditures			
Other Financing Sources (Uses)			
Operating transfers in		-	-
Operating transfers out	(2,311.00)	(1,584.75)	726.25
	<u>(2,311.00)</u>	<u>(1,584.75)</u>	<u>726.25</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Sources over (under) Expenditures and Uses	<u>\$ 9,035.00</u>	15,572.06	<u>\$ 6,537.06</u>
Fund balances, beginning of period		<u>16,897.73</u>	
Fund Balance, end of period		<u>\$ 32,469.79</u>	

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

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction.

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

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

The U.S. Department of Agriculture - Rural Development has entered into contracts with the authority for the purpose of assisting the authority in financing the acquisition, construction, and leasing of housing units and to make subsidies to the authority for the purpose of maintaining housing for low income families.

The authority operates the USDA-RD program under interest subsidy. Under this Plan, minimum basic rental rates are established at a level that will amortize the construction loan over a period of 50 years at 9.75% interest. Formula-based rents in excess of the basic rental rates (i.e., overages) go to defray the USDA-RD interest subsidy which reduces the contract rate of interest on the loans from 9.75% to the effective rate of 1%.

The following is a summary of significant accounting policies:

A. Reporting Entity.

The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Housing Authority of the Parish of East Carroll, a primary government. These financial statements include the activities of East Carroll Rural Housing, Inc. East Carroll Rural Housing, Inc. is a component unit of the entity. The component unit has a fiscal year end of December 31, 1998. Since the primary government and the component unit have substantively identical boards, the financial data of the component unit has been reported as though it was part of the Primary Government. In accordance with GASB statement No. 14, Paragraph 59, the financial statements of the component unit for the fiscal year ending December 31, 1998 have been included with the financial statements of the Primary Government for the fiscal year ending June 30, 1999.

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.

Debt service fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.
3. Land, Structures, and Equipment. Land, structures and equipment used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The entity does capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity.
4. 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.
5. Long-term Liabilities. Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.
6. Fund Balance Reservations. Special reporting treatment is also applied in governmental funds when inventories and prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

C. Basis of Accounting.

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

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

The entity does not utilize encumbrance accounting.

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. **Supplemental Financial Information - Statutory Basis.** The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:
- a. Governmental fund accounting principles are not utilized.
 - b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.
 - c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.
 - d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
 - e. Premiums and/or discounts on bonds are recognized in income or expense in the year bonds are sold.
 - f. The cost of accumulated unpaid vacation and sick leave is not accrued.
 - g. Financial statement formats vary from GAAP.
 - h. The entity does not utilize encumbrance accounting.
 - i. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as Fixed Assets may include costs substantially in excess of value.
 - j. During project development, interest expenditures are capitalized under pre-1987 financing agreements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to completion of Pre-1987 financed developments, interest expenditures are not accrued but are recognized when paid.

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 its special revenue fund (except the rural housing program). 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.
 - c. Budgets for the Debt Service Fund are not prepared inasmuch as all revenues and expenditures of this fund are controlled by and processed by HUD. The entity records Debt Service Fund transactions from documents supplied by HUD.
 - d. The Debt Service Fund transactions for the USDA-RD Housing Program are approved annually by USDA-RD in the budget approval process.
2. **Encumbrances.** Encumbrance accounting is not utilized by the entity.
3. **Budget Basis of Accounting.** The budgets for the owned housing program are prepared on the statutory basis of accounting as prescribed by HUD. The budget for the USDA-RD's program is prepared using the basis of accounting prescribed by USDA-RD.

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

F. Revenue, Expenditures and Expenses.

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

NOTE 2 - DEPOSITS

A. Deposits

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

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

Cash Deposits, categorized by level of risk, are:

	Category		
Total Bank Balances	1	2	3
\$ 25,469.34	\$ 25,469.34	\$.00	\$.00

NOTE 3 - RESTRICTED CASH

Restricted cash consists of the following:

	Rural Housing Program	USDA-RD Housing Program	Total
Taxes and insurance escrow	\$.00	\$ 3,873.00	\$ 3,873.00
Maintenance reserves	.00	1,343.60	1,343.60
Security deposits	540.85	500.00	1,040.85
Total	\$ 540.85	\$ 5,716.60	\$ 6,257.45

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

NOTE 4 - FIXED ASSETS

Changes in fixed assets are as follows:

	<u>Beg. of Period</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Period</u>
Land, building, equip.	\$ 2,258,584.17	\$ 3,500.00	\$.00	\$ 2,262,084.17
Const. in progress	210,641.00	24,359.00	.00	235,000.00
Total	<u>\$ 2,469,225.17</u>	<u>\$ 27,859.00</u>	<u>\$.00</u>	<u>\$ 2,497,084.17</u>

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation having a planned total cost of \$235,000.00 to be fully financed by grants from HUD.

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

NOTE 5 - FIXED LIABILITIES

Fixed liabilities consist of the following:

	<u>Interest Rate</u>	<u>Principal Balance</u>
USDA-RD note payable	9.75%	<u>\$ 89,618.49</u>

The USDA-RD note is payable in monthly installments of \$192.52 including principal and interest, with final maturity scheduled for February 17, 2039. All land and structures of the USDA-RD project serve as collateral for this loan.

Changes in fixed liabilities are as follows:

	<u>USDA-RD Note</u>
Balance, beginning of period	\$ 89,791.29
Principal retirement	(172.80)
Balance, end of period	<u>\$ 89,618.49</u>

On January 26, 1999, the properties that are secured by this mortgage were sold. The unpaid balance on the note was written off by USDA-RD. As a result, the entity is not presenting a schedule of retirements.

NOTE 6 - DEFICIT FUND BALANCE

The Rural Housing Program has a deficit fund balance of \$20,153.79 at December 31, 1998 (the fiscal year-end of the component unit).

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.

NOTE 8 - SUBSEQUENT EVENT

January 26, 1999, the entity sold the four houses that made up the USDA-RD program. USDA-RD forgave the unpaid balance on the mortgage. Since the fiscal year-end of the USDA-RD program is December 31, 1998. This transaction is not reflected in these financial statements.

COMBINING STATEMENTS

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

	Owned Housing FW-2193	USDA-RD Housing Program	Rural Housing Program	Totals
Assets and Other Debits				
Assets:				
Cash	\$ 20,440.61	\$ 1,091.85	\$ 2,858.49	\$ 24,390.95
Receivables:				
Accounts	2,333.57	876.00	2,531.00	5,740.57
Due from other funds	11,103.92	23,530.32	-	34,634.24
Prepaid items	8,874.75	-	-	8,874.75
Restricted assets:				
Cash	-	5,716.60	540.85	6,257.45
Total Assets and Other Debits	\$ 42,752.85	\$ 31,214.77	\$ 5,930.34	\$ 79,897.96
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts payable:				
Trade	\$ 348.00	\$ -	\$ 270.00	\$ 618.00
Payroll taxes withheld and accrued	2,292.46	-	972.06	3,264.52
Security deposits	2,868.00	500.00	545.00	3,913.00
Due to other funds	-	2,509.17	24,297.07	26,806.24
Accrued PILOT	12,926.41	-	-	12,926.41
Total liabilities	18,434.87	3,009.17	26,084.13	47,528.17
Equity and Other Credits:				
Fund balances:				
Reserved for prepaids	8,874.75	-	-	8,874.75
Unreserved, undesignated	15,443.23	28,205.60	(20,153.79)	23,495.04
Total Equity and Other Credits	24,317.98	28,205.60	(20,153.79)	32,369.79
Total Liabilities, Equity and Other Credits	\$ 42,752.85	\$ 31,214.77	\$ 5,930.34	\$ 79,897.96

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

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

	Owned Housing FW-2193	USDA -RD Housing Program	Rural Housing Program	Totals
Revenues:				
Rents	\$ 43,058.84	7,246.00	19,820.00	70,124.84
Operational subsidies/grants	39,805.00	-	-	39,805.00
Interest	748.24	88.04	19.97	856.25
Miscellaneous	23,719.01	-	647.46	24,366.47
Total Revenues	<u>107,331.09</u>	<u>7,334.04</u>	<u>20,487.43</u>	<u>135,152.56</u>
Expenditures				
Current:				
Administrative salaries	18,943.32	1,626.17	4,646.20	25,215.69
Professional fees	7,215.00	870.00	2,200.00	10,285.00
Staff training	100.00	-	-	100.00
Travel	858.00	-	270.00	1,128.00
Sundry administration	10,158.10	1,111.99	3,176.80	14,446.89
Tenant services	15.00	-	-	15.00
Utilities	3,895.76	153.32	1,518.18	5,567.26
Maintenance salaries	10,985.84	-	-	10,985.84
Maintenance materials	6,919.71	2,392.52	1,910.04	11,222.27
Other maintenance costs	4,878.19	1,458.05	1,960.64	8,296.88
Insurance	9,918.04	449.00	1,212.00	11,579.04
PILOT	3,916.31	-	-	3,916.31
Employee benefits	5,903.88	410.00	1,110.15	7,424.03
Miscellaneous	4,028.81	-	384.73	4,413.54
Capital Expenditures:	3,500.00	-	-	3,500.00
Total Expenditures	<u>91,235.96</u>	<u>8,471.05</u>	<u>18,388.74</u>	<u>118,095.75</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	(1,584.75)	-	(1,584.75)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,584.75)</u>	<u>-</u>	<u>(1,584.75)</u>
Excess of Revenues and Sources (over) (under) Expenditures and Uses	16,095.13	(2,721.76)	2,098.69	15,472.06
Fund Balance, beginning of period	<u>8,222.85</u>	<u>30,927.36</u>	<u>(22,252.48)</u>	<u>16,897.73</u>
Fund Balance, end of period	<u>\$ 24,317.98</u>	<u>\$ 28,205.60</u>	<u>\$ (20,153.79)</u>	<u>\$ 32,369.79</u>

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

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana

Balance Sheet - Statutory Basis
June 30, 1999

Assets

Cash-checking and on hand	\$ 20,440.61
Accounts receivable-tenants	2,333.57
Accounts receivable-intra agency	3,275.92
Prepaid insurance	8,874.75
Fixed assets	<u>2,263,001.65</u>
Total Assets	<u>\$ 2,297,926.50</u>

Liabilities and Surplus

Tenants' security deposits	\$ 2,868.00
Accounts payable-other	348.00
Accrued and withheld payroll taxes	2,292.46
Accrued PILOT	<u>12,926.41</u>
Total liabilities	18,434.87
Surplus	<u>2,279,491.63</u>
Total Liabilities and Surplus	<u>\$ 2,297,926.50</u>

Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana

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

Annual Contributions Contract FW-2193

Operating income	
Dwelling rental	\$ 43,058.84
Interest on general fund investments	748.24
Other Income	<u>23,719.01</u>
Total operating income	<u>67,526.09</u>
Operating Expenses	
Administration	37,274.42
Tenant services	15.00
Utilities	3,895.76
Ordinary maintenance and operations	22,783.74
General expense	<u>20,700.97</u>
Total operating expenses	<u>84,669.89</u>
Net operating income (loss) before other items	(17,143.80)
Other charges (credits)	
Prior year adjustments affecting residual receipts	5,361.07
Prior year adjustments not affecting residual receipts	<u>(2,295.00)</u>
Total other charges (credits)	<u>3,066.07</u>
Net Income (Loss)	<u>\$ (20,209.87)</u>

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

**Analysis of Surplus - Statutory Basis
June 30, 1999**

Unreserved surplus	
Balance per 6-30-98 audit	\$ (464,291.28)
Net income (loss) FYE 6-30-99	(20,209.87)
OR provision FYE 6-30-99	<u>(17,057.87)</u>
Balance at 6-30-99	<u>(501,559.02)</u>
Reserved Surplus	
Balance per 6-30-98 audit	10,517.85
OR provision FYE 6-30-99	<u>17,057.87</u>
Balance at 6-30-99	<u>27,575.72</u>
Cumulative contributions from HUD	
Balance per 6-30-98 audit	2,167,052.36
Operating subsidy FYE 6-30-99	<u>39,805.00</u>
Balance at 6-30-99	<u>2,206,857.36</u>
Grants from HUD	
Balance per 6-30-98 audit	513,625.80
Grants FYE 6-30-99	<u>24,813.20</u>
Balance at 6-30-99	<u>538,439.00</u>
Cumulative donations	
Balance per 6-30-98 audit	8,178.57
Contribution FYE 6-30-99	<u>-</u>
Balance at 6-30-99	<u>8,178.57</u>
Total Surplus	<u>\$ 2,279,491.63</u>

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

Annual Contributions Contract FW-2193

Computation of Residual Receipts	
Operating receipts	\$ 67,526.09
Operating income	39,805.00
HUD operating subsidy	<u> </u>
Total operating receipts	<u>107,331.09</u>
Operating expenditures	84,669.89
Operating expenses	5,361.07
Prior year adjustments affecting residual receipts	3,500.00
Capital expenditures	<u> </u>
Total operating expenditures	<u>93,530.96</u>
Residual Receipts before provision for reserve, per audit	13,800.13
Audit adjustments (backed out)	<u>3,257.74</u>
Residual Receipts before provision for reserve, per PHA	17,057.87
Provision for operating reserve	<u>(17,057.87)</u>
Residual receipts per PHA	<u>\$ -</u>

* Subject to adjustment by HUD.

Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana

Schedule of Modernization Costs - Uncompleted
June 30, 1999

Annual Contributions Contract FW-2193

1. Funds approved	\$ 311,267.00
Funds expended	<u>311,267.00</u>
Excess of funds approved	<u>\$ -</u>
2. Funds advanced	\$ 303,439.00
Funds expended	<u>311,267.00</u>
Excess (deficiency) of funds advanced	<u>\$ (7,828.00)</u>

Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana

Schedule and Certification of Actual Modernization Costs
June 30, 1999

Annual Contributions Contract FW-2193

	<u>Project #905-96</u>
1. Funds approved	\$ 235,000.00
Funds expended	<u>235,000.00</u>
Excess of funds approved	<u>\$ -</u>
2. Funds advanced	\$ 235,000.00
Funds expended	<u>235,000.00</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>
3. The total costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval are in agreement with the PHA records.	
4. According to PHA records, All modernization costs have been paid and all related liabilities have been discharged through payment.	

Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana

Analysis of General Fund Cash Balance
June 30, 1999

Assets and Other Items

Cash-checking and on hand	\$	20,440.61
Adjustment for CIAP funding		7,828.00
Accounts receivable-tenants		2,333.57
Accounts receivable-intra agency		3,275.92
Prepaid insurance		<u>8,874.75</u>
Total	\$	<u>42,752.85</u>

Liabilities, Reserves, and Other Items

Tenants' security deposits	\$	2,868.00
Accounts payable-other		348.00
Accrued and withheld payroll taxes		2,292.46
Accrued PILOT		12,926.41
Operating reserve per PHA		27,575.72
Adjustments affecting Operating Reserve (backed out)		<u>(3,257.74)</u>
Total	\$	<u>42,752.85</u>

NON-FINANCIAL SECTION

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

Board of Commissioners
Housing Authority of the Parish of East Carroll
P.O. Box 352
Lake Providence, LA 71254-0352

We were engaged to audit the general purpose and combining financial statements of Housing Authority of the Parish of East Carroll, as of and for the year ended June 30, 1999 in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Our report dated December 16, 1999 stated that, because we were unable to satisfy ourselves concerning certain material account balances and documentation needed to properly conduct the audit were unavailable, the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the general purpose and combining financial statements.

Compliance

As part of obtaining reasonable assurance about whether Housing Authority of the Parish of East Carroll's general purpose and combining financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 99-1, 99-2, 99-3 and 99-4.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered Housing Authority of the Parish of East Carroll's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose and combining 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 the Parish of East Carroll'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 99-1, 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 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 99-1, 99-2, 99-3 and 99-4 to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

December 16, 1999



VanRheenen & Miller, Ltd.
Certified Public Accountants

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

FINDING 99-1 TENANT ACCOUNTING

Condition and Criteria: We noted numerous errors and omissions on the monthly rental registers. Several of the rent registers were out of balance. Our review of tenant files revealed numerous errors as well. We noted overdue reexams, undocumented income, rent computation errors and unsigned applications for the owned housing program. Our review of the USDA-RD files indicated that the entity has not documented the income of the tenant to determine eligibility and there was nothing in the file to indicate the proper amount of rent that the tenant should be paying. The rural program files did not contain anything to indicate the rent amount (i.e. no lease, etc.). As a result of these deficiencies, we were unable to satisfy ourselves to the accounts related to tenant charges. These accounts include dwelling rent income, tenant's accounts receivable, and tenant's security deposits.

Effect: The proper amount of rent charged may not have been recorded. The tenant may have been charged an incorrect rent amount. Tenants may not be eligible for housing.

Cause: The entity did not have proper internal controls in these areas to ensure that all tenant's are eligible and rental charges are properly recorded.

Auditor's Recommendation: The PHA should review all current and future tenant files to make sure they are in compliance with all applicable requirements. The PHA should total and balance all rental registers to make sure all charges are properly recorded. The PHA did show improvement as the year progressed. Due to the incomplete information for the first part of the year and errors and omissions on the rental register we are again unable to satisfy ourselves to the accounts related to tenant charges.

Grantee Response: We are having our accountant train us on the proper rent register documentation. All rent registers from April 2000 on will be in balance. Subsequent to the audit fieldwork, we reviewed all tenant files and corrected the mistakes that the auditor found.

FINDING 99-2 UNDOCUMENTED DISBURSEMENTS

Condition and Criteria: Our review of disbursements revealed improvement over the prior fiscal year in regard to documentation. Of the 54 disbursements tested, we noted the following deficiencies:

Owned Housing Program

- the PHA is not making monthly payroll tax deposits as required by the IRS. As a result, the PHA is paying penalties and interest to the IRS for underpayment of taxes.

Rural Program

- we noted four checks to East Carroll Lumber for a total of \$1,808.24 that were either undocumented or only supported by a statement. Some of these payments were for items purchased by prior employees and the current management was trying to pay old outstanding bills.
- one check to Entergy for \$278.83.
- two checks for maintenance contract work for \$508.75.
- one check to Terminix for \$356.22.

USDA-RD Program

- one check for maintenance contract work for \$1,000.00.

Effect: Some payments may have been made for ineligible items. We were unable to express an opinion as a result of these deficiencies.

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 1999**

FINDING 99-2 UNDOCUMENTED DISBURSEMENTS (Continued)

USDA-RD Program (Continued)

Cause: The entity does not have an adequate internal control system.

Auditor's Recommendation: All disbursements should be properly documented. The PHA should ensure that all checks are supported by an invoice.

Grantee Response: As of January 1, 2000, we have ensured that all checks disbursed have appropriate documentation attached. As of January 1, 2000, and subsequent to that date, all payroll withholdings have been accurate and current.

FINDING 99-3 FIXED ASSET RECORDS

Condition and Criteria: The PHA does not have adequate records to support its fixed assets as reported in the general ledger. The PHA did conduct an inventory of equipment as required by HUD guidelines but, the inventory has not been reconciled to the general ledger of the PHA.

Effect: The amounts reported as fixed assets may not be correct.

Cause: The PHA does not have an adequate internal control system for monitoring its fixed assets.

Auditor's Recommendation: The PHA should conduct an annual inventory and reconcile the results to the financial records of the entity.

Grantee Response: We will take a physical inventory in June 2000 and have our accountant adjust the general ledger to it.

FINDING 99-4 UNTIMELY AUDIT

Condition and Criteria: Louisiana State Law requires the audit to be conducted within six months after the end of the fiscal year. The current audit was not issued until after the six month deadline.

Effect: The PHA did not comply with state law.

Cause: The auditor completed their fieldwork on December 16, 1999. However, the auditor was unable to complete and process the report by the six-month deadline.

Grantee Response: We will ensure that the next auditor completes and publishes the next audit on a timely manner. We were not the reason the audit was late.

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

FINDING 98-1 TENANT ACCOUNTING

Condition and Criteria: We noted numerous errors and omissions on the monthly rental registers. Several of the rent registers were out of balance. Our review of tenant files revealed numerous errors as well. We noted overdue reexams, undocumented income, rent computation errors and unsigned applications for the owned housing program. Our review of the USDA-RD files indicated that the entity has not documented the income of the tenant to determine eligibility and there was nothing in the file to indicate the proper amount of rent that the tenant should be paying. The rural program files did not contain anything to indicate the rent amount (i.e. no lease, etc.). As a result of these deficiencies, we were unable to satisfy ourselves to the accounts related to tenant charges. These accounts include dwelling rent income, tenant's accounts receivable, and tenant's security deposits.

Auditor's Recommendation: The PHA should review all current and future tenant files to make sure they are in compliance with all applicable requirements. The PHA should total and balance all rental registers to make sure all charges are properly recorded.

Current Status: We noted some improvement particularly later in the year. However, during the fiscal year ending June 30, 1999, the tenant accounting was still inadequate for us to express an opinion of these areas. See current schedule of Finding and Questioned Costs.

FINDING 98-2 UNDOCUMENTED DISBURSEMENTS

Condition and Criteria: Our review of a total of 147 disbursements, revealed inadequate or no documentation for 107 of these checks. Of the inadequate documented disbursements, we noted the following items:

- Sixteen checks to a former director for health insurance (if paid monthly, we would expect twelve checks in a one year period). The checks totaled \$1,608.00
- Sixteen checks to former director for travel/mileage. The checks totaled \$611.70
- Twenty-Seven checks to the spouse of a former Executive Director for maintenance contract costs. This would appear to be a violation of Louisiana State Law. The checks totaled \$3,111.75
- Twelve checks for petty cash. No documentation was located. These checks totaled \$369.42
- One check to Frigidaire did not have invoices to total the statement amount. The check was for \$2,500.00
- Fourteen checks for maintenance contract costs totaling \$2,018.99
- Three checks to a flower shop totaling \$72.36
- The remaining checks ranged from maintenance materials, CIAP costs, court filings, utilities and accounting fees. These checks totaled \$8,168.21

Auditor's Recommendation: All disbursements should be properly documented. The PHA should ensure that all checks are supported by an invoice.

Current Status: We noted improvement in this area. However, we still noted deficiencies as disclosed in the Schedule of Findings and Questioned Costs

FINDING 98-3 FIXED ASSET RECORDS

Condition and Criteria: The PHA does not have adequate records to support its fixed assets as reported in the general ledger. The PHA did not conduct an inventory of equipment as required by HUD guidelines.

Auditor's Recommendation: The PHA should conduct an annual inventory and reconcile the results to the financial records of the entity.

Current Status: The PHA has conducted an inventory but the results of the inventory have not been reconciled to the general ledger. See current Schedule of Findings and Questioned Costs.

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

FINDING 98-4 UNTIMELY AUDIT

Condition and Criteria: Louisiana State Law requires the audit to be conducted within six months after the end of the fiscal year. The current audit was not issued until after the six month deadline.

Auditor's Recommendation: The PHA should procure for an audit and allow ample time to complete the engagement. The PHA should also provide the records to the auditor as soon as they are closed after the fiscal year-end.

Current Status: The current audit is also being filed late. See current schedule of Findings and Questioned Costs.

FINDING NO. 97-1

Statement of Conditions: The East Carroll Rural Housing , Inc. owns four houses that have FmHA Mortgages. The USDA indicates that the entity is not in compliance with the USDA loan requirements, as follows:

1. No waiting list maintained by project management.
2. No applications maintained by project management.
3. No incomes verified by project management.
4. No leases with original signatures maintained by project management.
5. No tenant certification with signatures maintained by project management.
6. No project sign at office.
7. No new Management Plan or Management Agreement.
8. No Identity of Interest forms maintained.

Recommendation of prior auditor: For items 1 through 5, the entity indicates that the four houses are on the Policy Jury administered Section 8 Program. As such, the Police Jury should keep the waiting list, complete and verify applications, provide leases and tenant certification. The Police Jury's position is that the tenant information is confidential and they refuse to release it.

The prior auditor's position is that, if the entity cannot house these tenants in a lawful manner, then the entity should not participate in the Section 8 Program and should abide by the USDA requirements.

For items 6 through 8, the entity should comply with the USDA requirements.

Current Status: On September 29, 1998, USDA-RD completed a review of the operations at East Carroll Rural Housing, Inc. The report identified the following deficiencies:

1. No applications, income verifications, tenant certifications, leases with original signatures, or identity of interest forms maintained on site.
2. No project sign at office for ECRH, Inc.
3. No current management plan.
4. No waiting list maintained on site.
5. Rents are not being collected from tenants not receiving Section 8 assistance. Eviction procedures are not followed in instances of late payment and non-payment of rents.

In January 1999, these houses were sold. As a result, no follow-up will be required on this unresolved finding.

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

FINDING NO. 97-2

Statement of Conditions: The PHA's operating reserves are dangerously low and have been going in a negative direction for at least the last two years. Operating Reserves have decreased \$9,484.08 in 1995, \$4,969.24 in 1996, and \$19,771.94 in 1997.

The PHA has been contracting out maintenance services both for the PHA and the component unit that could be handled by the PHA maintenance man, saving the entity money. The PHA has 40 units and the component unit has 15 units. HUD guidelines are that one maintenance man should be able to handle up to 75 units.

The component unit never charges tenants for damages to units.

Recommendation of Prior Auditor: The PHA should operate at a level to ensure positive operating reserves and positive cash in the bank. A strict budget providing for a net profit should be adopted and strictly adhered to. The board should review current financials with each board meeting.

Current Status: The financial condition of the entity continues to be a concern. It does however, appear that the entity is taking steps to improve this situation. During the current fiscal year, the PHA did increase their operating reserve for the owned housing program.

FINDING NO 97-3

Statement of Conditions: The PHA did not set an annual budget for the special revenue fund.

Recommendation of Prior Auditor: The PHA should operate at a level to ensure positive operating reserves and positive cash in the bank. A strict budget providing for a net profit should be adopted and strictly adhered to. *The board should review current financials with each board meeting.*

Current Status: We did not locate a budget for the rural program. This finding is unresolved. The property owned by the rural program was sold subsequent to the audit period. As a result, no follow-up action will be required.

FINDING NO. 97-7

Statement of Conditions: The component unit's financial records are in very poor shape. There are a number of balance sheet accounts that have accumulated incorrect amounts for years. We did the best that we could to correct the balance sheet as of the audit date but could not confirm all accounts, as described in Note 12 of the prior audit. The fee accountant did not make any of the prior year audit adjusting journal entries.

Recommendation of Prior Auditor: The entity should review the financial records and ensure that they are correct.

Current Status: The financial records of the entity continue to be deficient. As previously noted, the property owned by the component unit was sold subsequent to the audit period.

FINDING NO 97-8

Statement of Conditions: The costs allocation method employed by the PHA has no reasonable basis.

Recommendation of Prior Auditor: Cost allocation between the Federal Program and the Non Federal Programs should have a reasonable basis, such as the "number of units" percentage.

Current Status: Due to the recent sale of certain properties this issue will not require future follow-up by the PHA.

**Housing Authority of the Parish of East Carroll
Lake Providence, Louisiana**

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

FINDING NO 97-9

Statement of Conditions: *In fulfilling the audit responsibilities as outlined in the PHA compliance supplement, I determined that the PHMAP report was incomplete and incorrect. I do not believe that the PHA has adequate documentation to support entries to Indicators #1, Component 1 f, Component 2 b, f, g, & h; Indicator 3 c, Indicator 4, Component 1 f, g, & h; Component 2 f & g; Indicator 6 component 1 a, Component 2, Option A a, and Option B.*

Recommendation of Prior Auditor: The PHA should have adequate records to accurately complete the PHMAP report.

Current Status: Our review of supporting data for the current PHMAP report, indicates that the PHA has implemented systems to track the components and the documentation appears to support the amounts reported.